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Midyear Business Review 2004
University of Alberta
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Edmonton, Alberta T6G 2R8



New Horizons

persona
INC

Company Profile

Persona, through its wholly owned subsidiary, Persona Communications Inc., is in the business of providing cable television, high-speed Internet, and telecom services to a diverse base of residential and commercial customers in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and Newfoundland and Labrador, Canada. It operates divisional offices in Edmonton, Sudbury, Montreal, and St. John's, where its Canadian corporate offices are also located. Through Persona Communications (Barbados) Inc., Persona provides similar services throughout The Commonwealth of The Bahamas, and maintains offices in Nassau and Freeport. The company employs more than 500 people on a full-time basis. Persona's goal is to achieve excellence in service, quality, and value for our customers. Persona is a widely held public company whose shares trade on the Toronto Stock Exchange (Symbol: PSA).

"To Serve the Customer"

Mission Statement, Persona Inc.

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Meet **Persona** INC

This is Persona's first annual report, but we're hardly the new kid on the block.

Persona Inc. is the corporate entity formed by the September, 2001 restructuring and renaming of Regional Cablesystems Inc. Regional began operations in Canada in 1986 and has grown to become the leading non-metropolitan cable-television service provider in the country. In 2001, its final year as "Regional," the company re-tooled its balance sheet to position itself for sustainable profitable growth. Persona Inc. was formed, and Regional Cablesystems became Persona Communications Inc., a wholly owned subsidiary. It was a considerable achievement in the face of unstable financial markets and in an industry facing changing TV viewing patterns and tough competition from satellite providers.

Persona Inc. was created to give our successful company a public face that more accurately reflected our evolving core competencies, and to give us room to grow.

In its first year, the transformed Persona has provided the right vehicle to pursue new, but complementary opportunities in business sectors inside and outside of Canada.

It has afforded us access to additional capital on attractive terms. And it has given us a better way to present ourselves to customers and investors. It's a Persona that makes sense for the 21st century - for our people, and the people we serve.

We believe, that after viewing the 2002 results and our plans for 2003, you will agree that the new Persona has furthered our corporate goals and allowed us to better serve our customers. We've enhanced our expertise and exercised it thoroughly but wisely on behalf of customers and shareholders. We have performed to our high standards. And we are looking to new horizons with well-placed confidence.

Report to Shareholders

It is our great pleasure to present our first annual report to the shareholders of Persona Inc.

2002 was a year of achievement, realizing many goals, and taking significant steps forward. As we have come to expect in recent times, it also presented us with volatility in the stock market and the ongoing challenge from other program-delivery technologies. We are pleased to report that your new company has weathered these challenges well, and has positive results to show.

To begin with Persona's growth and accomplishments: our overall revenue, which was generated through Persona Communications Inc. - continued to increase, surpassing \$106 million. For the seventh year in a row, we can report solid net earnings (\$6.5 million). Our digital subscriber and our Internet subscriber numbers have increased 94% and 172% respectively, revenue from telecom activities is up significantly, and we have extended our fibre-optic network in Canada to 2,563 kms.

In 2002, Persona once again recorded the lowest levels of debt among our industry peers, and one of the highest operating margins.

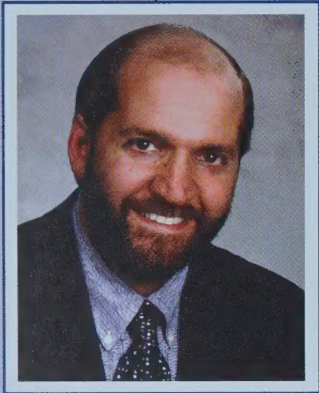
Drawing on Persona's reputation for solid financial footing and conservative positioning, we successfully refinanced and improved Persona's access to credit this year. We established a new \$225 million syndicated revolving term credit facility which, combined with last year's issuance of \$103 million in senior secured debentures, now affords Persona with some \$328 million in secured debt financing. This will allow us to continue to pursue strategic acquisitions that benefit our shareholders and our customers.

Re-tooling the balance sheet and upgrading our systems shifted our focus from the torrent pace of our acquisition program of the previous two years. Despite this new focus, we acquired cable companies in three regions that clustered well with our existing systems, and we purchased the assets of a telephone company that included a valuable fibre network in a corridor adjacent to our existing network, that will allow us to expand our high-margin telecom, broadband Internet, and data transport services into new locations.

As in previous years, we attribute much of Persona's success to a corporate approach that enables us to identify significant new opportunities early, and then act on them when the time is right. A perfect example of the convergence of opportunity, timing, expanding core competencies, and our willingness to act, is Persona's acquisition at year end of Cyberbeach-ISYS in our Northern Division.

This acquisition enables us to successfully make the calculated transition from simply providing third-party network access to becoming an Internet Service Provider - with the confidence that we can do so effectively, efficiently, and profitably.

This was also the year that Persona took steps to level the playing field with the digital products of direct-to-home satellite providers, as we cost-effectively introduced digital cable service on a wide scale. The move was made possible by a new technology-HITS QT-which enables small system operators to provide competitive digital cable service at a fraction of the cost of conventional digital service. Persona immediately seized this opportunity and by year end, we had successfully deployed the QT technology in excess of 100 cable systems. Also by year end, 63% of our customers had access to digital service, and we intend to extend this access to 75% of our customer base in 2003. We believe that our \$8 million investment in HITS QT will result in greater customer retention and significant revenue growth going forward.





Over the past three years we have invested more than \$100 million to position our network to effectively compete. With the majority of our capital improvement initiatives behind us, we enter 2003 with a keen eye focused on the generation of significant free cash flow and increased bottom line earnings.

Third-party network-access provider, digital-service provider, telecom-network provider, Internet Service Provider. These are waypoints in Persona's ongoing development that can all be traced to our core competence - basic cable service provider. But they have all been made in step with new developments and opportunities. It is important to note that when we chart a course for any new horizon, we travel towards it keeping our feet firmly planted on the ground.

As we have done by setting our course toward the Caribbean.

Our analysis shows that the Caribbean marketplace provides Persona with opportunities that match our competencies, our experience and the manner in which we conduct business. As such, we took a significant step towards this new horizon at the completion of the fiscal year. On September 1, 2002, Persona Inc. acquired Columbus Communications Limited, the controlling shareholder of Cable Bahamas Limited, which operates the monopoly cable television systems serving The Commonwealth of The Bahamas. Cable Bahamas boasts state-of-the-art assets and a stellar track record, and it will bring economies of scale (among other benefits) to your company.

Permission to fail has always been part of the corporate DNA at Persona because it goes hand-in-hand with permission to act quickly to exploit market opportunities. Persona's experience and track record, in fact our very nature, compel us to set our sights on the Caribbean horizon, and mobilize our competencies and energy for the benefit of our shareholders, and for our new customers. We believe you'll agree that the Caribbean may be a new region for Persona, but its cable environment is very familiar territory.

Before we close, we would like to thank the Persona team across Canada, and our board of directors for their outstanding dedication and guidance in pursuing our shared goals this year. And we would like to welcome our new colleagues at Cable Bahamas and its affiliates. We look forward to proving together how the course to each of Persona's new horizons is reached by sure-footed moves, one step at a time.

The days of the cable industry's void promises are over... the time for results is upon us... free cash flow and earnings will be the yardstick of measure... Persona is ready and armed for the new horizons. We're pleased to have you on the journey.

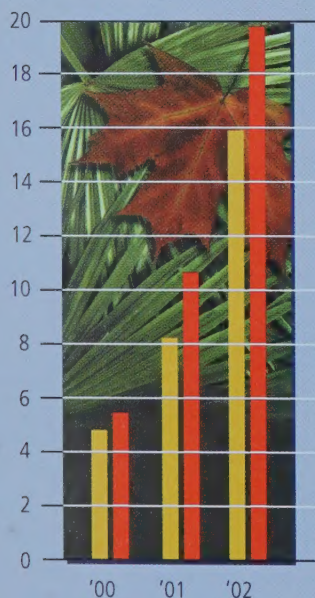
Brendan Paddick, President & Chief Executive Officer

Gary Kain, Chairman



In shape, and looking to new horizons.

Digital Subscriber Growth (thousands)



■ Digital Subs '00 4,825
'01 8,235
'02 15,995

■ Set Top Boxes '00 5,465
'01 10,615
'02 19,745

Persona Inc., through the operations of Persona Communications Inc., had a solid year in 2002. The industry continued to face challenges, but Persona's performance indicators are strong - both on their own and in the context of our industry peers.

Despite an extremely competitive environment, the difficulties in the technology sector and the relentless bumps in the financial markets, Persona's overall revenue continued to grow. Net earnings this year were \$6.5 million and extends a run (began as Regional Cablesystems) that has seen us post positive cash flow and net income in virtually every quarter and in every fiscal year since August 1995.

We ended the fiscal year with 213,400 basic cable customers. But our new businesses expanded at a rapid pace. Digital cable subscribers increased 94% to 15,995, and Internet subscribers grew 172%, from less than 7,500 to more than 20,200. With many of our digital cable and Internet launches taking place late in the fiscal year, management is confident that we can achieve similar growth in 2003. At year end, Persona Communications was operating 660 cable systems, operating on a fibre-optic

network that had expanded to more than 2,560 kms, compared to approximately 1,950 kms a year earlier.

Persona's revenue from telecom services, primarily in northern Ontario, increased significantly in 2002, from less than \$3 million to more than \$8.5 million. Despite the pressures placed on operating margins from additional signal fees on digital packages, Persona's EBITDA margin remained among the best in the Canadian industry at nearly 42%. In the same industry context, Persona remained the most conservatively financed, with a debt to EBITDA ratio of below 4.6 times.

As with almost all of our industry's publicly traded companies, however, our share price declined during the year. Although we are not pleased with our share price performance during 2002, we believe it reflects the general market trend, not a specific loss of confidence in Persona.

What's behind Persona's achievements? One main factor: competition has been challenging, yet good for business. During the last five years, while satellite providers have been increasing viewers' demands for channels, we have been



2002: Where we stand now

One of Persona's most important achievements in 2002, and one that distinguishes our cable company from all others in Canada, is our enviable conservative financial position. Persona currently has the lowest levels of debt among its industry peers, and at the end of the fiscal year was positioned to generate significant free cash flow going forward.

Equally as significant, Persona once again successfully refinanced and improved the terms and the size of available credit. In June we established a \$225 million syndicated revolving term credit facility. The quality of the participating syndicate members-The Toronto Dominion Bank, Bank of Montreal, National Bank of Canada, Canadian Imperial Bank of Commerce, United Overseas Bank (Canada), and Bank of China (Canada)-indicates the financial community's awareness of Persona's solid financial position and strong growth potential. At year end, Persona enjoyed more than \$113 million in committed,

upgrading our systems to enable us to provide a competitive array of product choice. This year, with the widespread introduction of digital services, Persona not only met customer demand for "more" programming choices, but we went one step further - delivering services that satellite companies can not match, such as high-speed Internet. In fact a full 20% of Persona's high-speed Internet subscribers do not subscribe to cable TV at all. This is a new revenue stream that is completely independent of TV programming.

Our continued emphasis on product enhancement and customer service resulted in a year-over-year reduction in basic subscriber churn (basic cable customer loss to satellite). At the same time, demand for (and revenue from) related cable products - high-speed Internet, tiered services, digital video and audio services - continued to grow. At year end, approximately 80% of our digital customers subscribed to our most comprehensive packages, reflecting, we believe, not only increased demand for digital services and more programming, but Persona's astute product packaging and pricing.

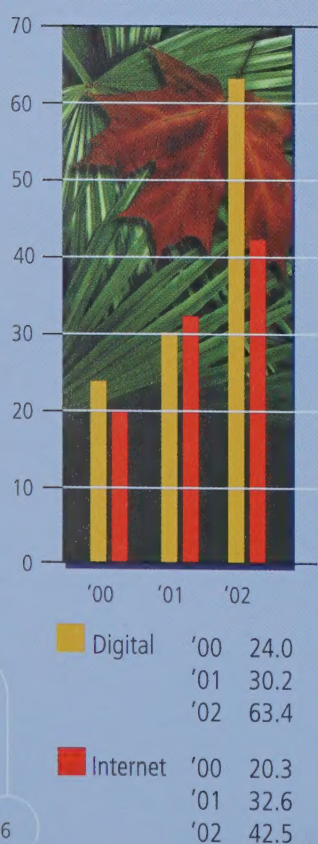
The prospects for continuous and significant growth are excellent as we're still in the introduction stage for high-speed Internet and the early adoption stage for our digital video and audio services.



Internet Subscriber Growth (thousands)



% of Subscribers with Digital and Internet Access



yet unutilized credit facilities. Combine this facility with the \$103 million senior secured debenture issue completed last year, and Persona is well positioned to continue to pursue new acquisitions.

In a major step forward, Persona Communications introduced competitive digital services cost effectively in all seven provinces in which we operate during 2002. By August 31st, almost two-thirds of our subscribers could avail themselves of digital cable services which includes program options such as the NHL Network, Mystery, Lonestar, WTSN, ESPN Classics Canada, the Discovery Channel, Discovery Civilization, National Geographic, Raptors/NBA TV, among dozens of others. It has made us more competitive and pleased our customers, and it has opened up additional opportunities to increase revenue per home, through fees for digital subscription options such as pay-per-view, interactive program guides, and future video-on-demand services.

These positive steps can be attributed to two key Persona characteristics. The first is our belief that the company's role is not to predict the future, but to enable it. The second is to act decisively when we recognize opportunity.

Our method of introducing digital services exemplifies both of these traits. We waited to implement an across-the-board digital launch until a proven technology became affordable. This opportunity became available in 2002, and Persona responded decisively and immediately. We invested \$8 million in HITS QT technology, which enables small-system operators to offer competitive digital cable service at an average system cost of approximately \$17,000, compared to \$250,000 for conventional digital service. The remarkable feat of completing the installation of digital processing equipment in 110 technical receive sites in six months is a testament to the

skill and dedication of our technical and operations teams - and to Persona's corporate ability to act with speed. We intend to extend digital cable service access to 75% of our customer base in 2003.

In 2002, Persona's product bundling strategy continued to provide enhanced service for our customers, while increasing revenue. In November, 2001, for example, our Northern Division created a two-tiered high-speed cable Internet/cable TV package (Power Pac) with six ISP partners in the Sudbury/Timmins area. The competitively priced packages offer monthly savings for customers and the ease of a single payment. We will continue to invest in customer service, in our employees, and, when the timing is right, in new technologies emerging in cable, telecommunications, and the Internet. This commitment will ensure the finest service and entertainment possible for our growing customer base.

New Horizons

Moving when the timing is right

Heightened competition challenged us to grow. Successfully meeting that challenge has brought a new awareness of who we are, what we can do, and where we can go from here. Creating Persona Inc. reflects our confidence in our expanded core competencies and in our ability to capitalize on the opportunities they provide and the new horizons they open.

Consider, for example, the evolution of Persona's Internet Service Provider (ISP) strategy. Three years ago (in 2000), we became the first cable company in North America to provide ISPs with third-party access to our networks, which maximized the use of our fibre-optic plant and provided a new revenue stream. In addition to network access, we provided the ISPs with



co-operative marketing support, while the ISPs provided their customers with Internet content, technical and administrative support, and performed servicing and billing, etc. This arrangement allowed us to avoid ISP startup costs and the negative cash flow that comes with building a customer base from scratch, while our third-party partners built market awareness and demand. Our strategy made allowance for offering retail services ourselves - but later, when the expertise and suitable economies of scale were in place.

Providing third-party access has provided \$5 million in revenue since 2000. At the same time, our own Internet expertise and in-house capability has grown, mainly through servicing telecom clients. Bandwidth and hardware costs have plummeted as standards have been adopted and the economies of scale associated with mass consumer production have occurred.

This year, Persona identified an opportunity to make the move to retail ourselves. At the end of August, our Northern Division acquired Cyberbeach and ISYS Technologies. With a coverage area encompassed completely within Persona's operating territory, the Cyberbeach-ISYS deal boosted the Northern Division's Internet subscriber base by approximately 50% (to more

than 15,000 customers). The acquisition is complementary to our sizable commercial telecom business in the region, and it allows us to better leverage our broadband network there, consolidate expertise, and eliminate duplicated back-office services.

We now operate as an ISP in our largest market in Canada, and can extend Internet service cost-effectively to many of our smallest communities, unlike the independent ISPs. We expect this acquisition will yield more than \$2 million in incremental revenue in 2003 and add incremental EBITDA of \$1.4 million.

The result is better service for our customers, and better returns for Persona shareholders. We will continue to support third-party access to our networks across Canada as an integral component of our overall business plan. We will also now look for additional opportunities to cost-effectively acquire ISP firms in other locations in regions in which we operate.



New Horizons

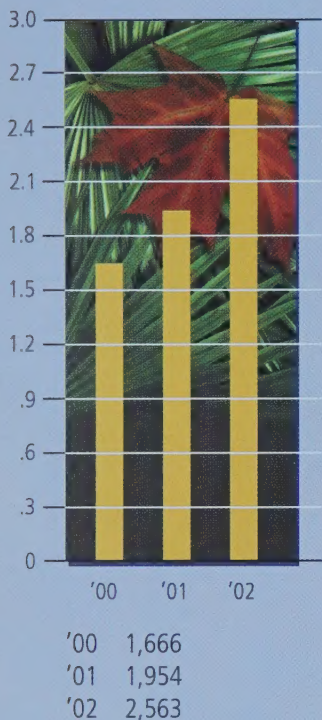
Expanding in Canada

We have, for a number of years, been committed to a disciplined program of acquisitions; a program that has stayed true to our tri-part acquisition guidelines:

- To seek, evaluate and acquire only the cable systems that cluster well geographically with existing assets, or that open up new markets characterized by fragmented ownership (which offer future consolidation opportunities).
- To ensure potential acquisitions meet or exceed our financial performance hurdles.
- To remain faithful to our commitment to only doing good deals.

Although we may not have been as active on the acquisition trail in 2002, we evaluated and

Fibre Optic Plant (1000's of km)



“We use our strengths to benefit Persona’s customers and shareholders.”

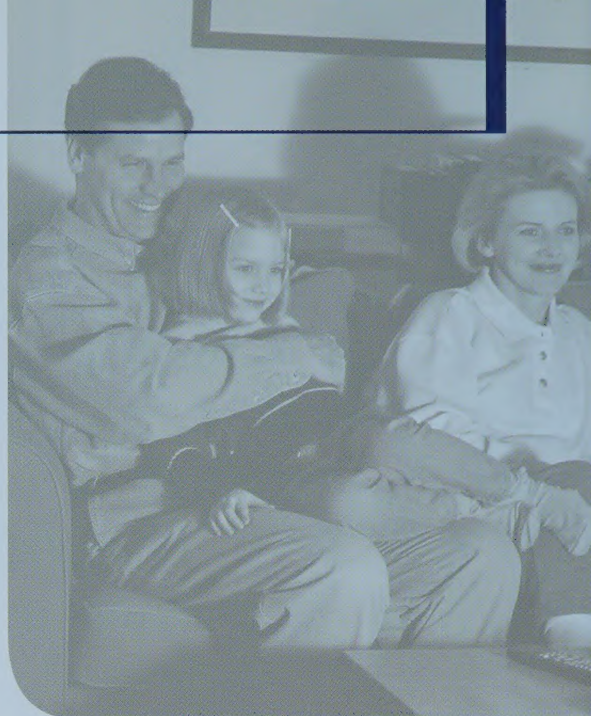
closed several important deals. And we also walked away from several transactions when the proposed acquisitions no longer met our stringent purchase criteria.

In December, Persona Communications’ Atlantic Division acquired Skyway Cable in Hermitage and Glovertown Cable in Glovertown, Newfoundland, for \$636,000, adding 700 customers to the division’s customer base.

Our Western Division acquired the shares of OTV Cablelan Ltd. in May, 2002. This transaction resulted in the addition of 930 subscribers at a cost of \$696,000.

In the Northern Division, in addition to the Cyberbeach-ISYS deal, Persona Communications acquired the assets of Gateway Telephone Ltd. for \$550,000. The assets included more than 250 route kilometers (or 15,840 strand kms) of fibre network between Sudbury and North Bay, significant local loop facilities in the two communities, and a quantity of inventoried fibre. This increased Persona’s Canadian fibre network by 10%, and immediately enhanced it at a fraction of what it would have cost in time and dollars to build from scratch. It also furthered the goal of supplying the high-quality infrastructure needed to provide cable television, broadband Internet, and telecom services to our northern customers.

Concurrent with Persona’s year end, the Central Division closed the acquisition of Hometown Cablesystems Ltd. and Constance Bay Cable Television Ltd. September 1, 2002, adding approximately 1,700 subscribers. The total purchase price of the two transactions was approximately \$2,278,000 or \$1,340 per subscriber. The pending acquisition of Quinte Cablevision Limited for \$2,530,000 will add an additional 2,300 customers in the Picton area (south of Belleville), and will cluster well with our existing 31 systems in Eastern Ontario. The Quinte system operates an advanced network,



enabling Persona to immediately launch digital cable and high-speed Internet services.

Fiscal 2002, also saw a previously announced transaction fail to materialize. When we were unable to come to terms on the acquisition of Amtelecom based on our stringent criteria, both parties decided to abort the transaction. We still firmly believe that providing telephone service is consistent with our core capabilities and product offerings. Should we encounter a new opportunity to acquire a telephone property that fits our clustering policy and our pricing criteria, Persona intends to pursue it.

New Horizons *The Caribbean opportunity*

A simple philosophy underpins Persona’s operations and acquisition strategies: we use our strengths to benefit Persona’s customers and shareholders. Reviewing our achievements to date and taking stock of our capabilities, combined with our awareness of the realities of the Caribbean cable and business environments, have led us to the conclusion that pursuing acquisitions in the Caribbean region simply makes sense. We are looking to the Caribbean as our next new horizon.



Here are some of the many compelling factors behind our decision:

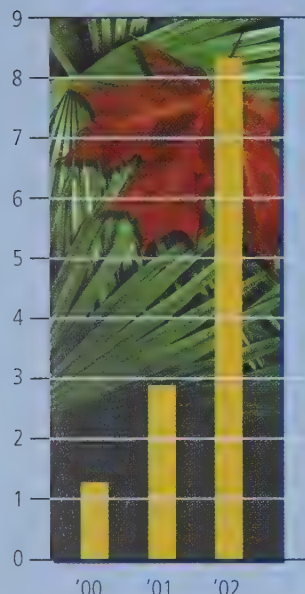
- The current Caribbean market is characterized by independent, under-capitalized entrepreneurs who are facing major future capital investment decisions. In addition, the monopolies held by Cable and Wireless plc and others are coming to an end in many nations. This fragmented nature of the current cable environment in the Caribbean, and the opportunities there very much resemble the situation in Canada a decade or two ago. Unlike current Caribbean operators, Persona has access to capital markets, has well-honed strategies for making suitable acquisitions, and has the will and skill to act on opportunities.
- In the Caribbean today there is no dominant consolidator. This is similar to the environment in which we operated in Canada, and in which we have proven our expertise in acquiring systems at reasonable prices, integrating them into a centralized management system, and generating returns far greater than those realized by the former stand-alone businesses.
- The acquisition opportunities in the Caribbean range from systems requiring complete "new builds" or complete "re-builds" to state-of-the-art networks comparable to the best-

of-breed North American systems. Some require re-packaging or expanding product lines, and/or the ability to manage high-speed services. Persona is now doing all of this successfully in Canada, and has been for the last 15 years. Specifically, since 1998 we have acquired approximately 150 systems of all sizes and stages of development, and have been efficiently and profitably upgrading and managing them.

- Caribbean acquisitions will provide attractive economies of scale, both in capital procurement and operating efficiencies, for operations in that region and in Canada.



**Telecom
Revenue
Growth (millions)**



'00	\$1,271,000
'01	\$2,968,000
'02	\$8,528,000

*Cable Bahamas
is a highly profitable
operation with
impressive growth
potential.*

- The size and nature of the markets in the Caribbean match our Canadian non-metropolitan experience. Most countries in the Caribbean are island nations with few large urban centres. We cut our teeth on systems of similar size and characteristics in Canada.
- Technically speaking, the timing could not be better. The availability of the HITS QT technology now makes introducing a competitive digital product possible where only a year ago it wasn't. HITS QT or a similar product is perfectly suited to the size of some of the Caribbean markets, and we have just successfully installed this platform in a wide variety of similarly sized markets in Canada.
- Promisingly, telecom deregulation is underway in large scale throughout the entire region.
- And essentially, of course, our products are borderless. In the Caribbean, demands for TV programming and the related products that cable delivers are, as in Canada, ubiquitous at the domestic level, and a given at the corporate level. Persona has proven it has the products and the packaging know-how to meet those demands.

We recognize that despite the similarities, some of the particulars of operating in the Caribbean will be different. We firmly believe, however, that Persona will handle them with the same can-do attitude we use to adapt to differences across the breadth of Canada. Traveling from our Atlantic to our Western Divisions, for example, Persona's cable plant gradually changes from being entirely aerial (in Newfoundland) to largely underground (in Alberta). We have adapted our product delivery, in other words, to suit the physical environment. In the Caribbean, we will add existing areas of expertise to our own... sub-sea will join the list of environments in which we operate.

New Horizons *Begin with The Bahamas*

As the fiscal year drew to a close, Persona put the final touches on a transaction that will form the cornerstone of our Caribbean operations. On September 1, Persona acquired Columbus Communications Limited, the largest and controlling shareholder of Cable Bahamas Limited, which operates the cable television systems serving The Commonwealth of The Bahamas. The transaction required a cash payment of US \$10 million and the issuance of 2.8 million common shares of Persona Inc. from treasury.

Based in Nassau, Cable Bahamas has the exclusive cable license in The Bahamas and provides advanced cable television services in New Providence, Grand Bahama, and 14 family islands. It has some 54,500 basic subscribers, approximately 29,000 of whom subscribe to pay-TV services and its workforce exceeds 200 people.

Coral Wave, the company's Internet division, provides high-speed Internet services to more than 8,550 subscribers-which is an impressive 45% increase from the 5,900 customers it was serving at December 31, 2001. Based on current growth trends, Coral Wave anticipates surpassing the 10,000 Internet-subscriber mark by the end of 2002. Monthly Internet revenue is growing rapidly, and Internet revenue per subscriber per month exceeds US\$100. In August, 2002, monthly Internet revenue broke through the US\$700,000 plateau.

The Cable Bahamas acquisition also includes two additional valuable assets. The first is Caribbean Crossings Ltd., which designed and now operates a US\$25 million sub-sea fibre-optic network



that provides a high-speed broadband link between the northern Bahamian islands of Abaco, Eleuthera, Grand Bahama, and New Providence, and Boca Raton, Florida. Caribbean Crossings commenced operations in August, 2001, and has experienced dramatic increases in revenue every month since. By the end of its first year, it was producing approximately US\$2.3 million in annualized revenue.

The second is Maxil Communications Ltd., which provides international data-centre and web-hosting facilities. The company's world-class facility in Nassau currently services more than 500 web sites.

We are extremely pleased with the Cable Bahamas acquisition, and see it as a positive step for Persona on a number of fronts.

First and foremost, Cable Bahamas is a highly profitable operation with impressive growth potential. Its revenue for the first six months of 2002 was US\$17.9 million, an increase of approximately 18% over the same period in 2001. At the same time, the company reported year-to-date EBITDA of US\$8.4 million, up more than 14% over the first six months of 2001. Net Income for the first six months of this year was US\$3.6 million. And, significantly, the company

operates in a legal and political environment very similar to Canada's, but with the advantageous benefit of a much more tax-effective environment (which will have a positive impact on Persona's incremental earnings).

Like Persona, Cable Bahamas did not predict the future-but they most certainly have created a platform by which to enable it. Over the last five years, Cable Bahamas constructed a high-bandwidth network covering 96% of its operating territory. As presently configured, the quality of this network combined with the small size of the optical node service areas (150 customers per node) yield an almost limitless capacity. Consequently, Cable Bahamas is strategically positioned to exploit opportunities in the Bahamian broadband industry-opportunities that are similar to Persona's telecom and dark-fibre activities in Timmins and Sudbury, for example. And not only do they boast the highest-quality bandwidth in the Caribbean, they have the cheapest bandwidth in The Bahamas.

Cable Bahamas' technical capabilities are world-class, which has positive effects on revenue and also reduces costs. For example, Cable Bahamas' has the capability to selectively authorize the delivery of cable services to any subscriber address by remote control. Why is this significant? Because it means there are no significant costs involved with activating, disconnecting, or re-activating customer service-which in turn reduces timing lags, which effectively reduces bad debts and the number of costly calls requiring service truck rolls.

The Bahamas is a sophisticated marketplace that includes the accommodations and travel industries; retail and private banks, financial institutions, and insurance firms; and government ministries and corporations. This year alone Cable Bahamas' subscriber base is up 5%, its Internet base is up 200%, and its telecom business



*We anticipate
more exciting new
horizons in the years
to come.*

increased 300%. Their market is growing-for TV programming, Internet services, data transfer, and telecom services.

Within all of the acquired companies, similarities to Persona's Canadian operating structures already exist: they have a streamlined approach to management with little hierarchy. Our corporate style is their corporate style.

Finally, Cable Bahamas' operations benefit from a skilled, motivated, and customer-focussed work force, as do Persona's Canadian operations. It's an excellent fit, and an enhanced pool of expertise, from which both regions will benefit.

To add to the performance and customer services of this already impressive company, Persona plans to:

- deploy a master digital headend in Freeport that would double the number of channels currently offered (increasing them from 120 to 250)
- introduce a credit card payment facility through the central server
- introduce web-based account information and e-bill options for customers
- introduce the enhanced programming choices and package options that Persona has

recently presented in Canada, including dozens of digital programming services, interactivity, and service bundling

- use the existing connectivity to the United States for all Caribbean data and Internet traffic
- investigate options for expanding the Caribbean Crossings network to the south

And, through Cable Bahamas' numerous interconnect and co-locate agreements with several U.S. common carriers, we will also investigate opportunities to connect our Caribbean and Canadian fibre networks.

We believe the quality of the Cable Bahamas acquisition, and the nature of the Bahamian market, provide Persona with an excellent springboard for implementing our Caribbean strategy. We are committed to marrying Persona's expertise and energy with the solid qualities and accomplishments of Cable Bahamas, and to positioning The Bahamas as the Caribbean leader in telecom, information technology, and e-commerce.

We anticipate more exciting new horizons in the years to come.



CABLE BAHAMAS



Florida

Miami

Bimini

Grand Bahama

Abaco

Paradise Island

Nassau

Eleuthera

Andros Island

Cat Island

The Exumas

Long Island

Mayaguana

Crooked Island

Acklins

The Islands Of The Bahamas

Management's Discussion & Analysis

Overview

Subscribers

Overview

Fiscal 2002 was arguably one of the toughest years for the entire communications industry in North America. Persona, however, produced solid operating results and, in many aspects, outperformed its Canadian peers. Revenue climbed by 6.3% as compared to growth of 3.5% posted last year. Virtually all of this growth was organic and was driven primarily by the Company's rapidly expanding telecommunications and high-speed Internet businesses. EBITDA, cash flow and net income (before unusual items) all held relatively steady. Persona's cable subscriber levels began to stabilize in the second half of fiscal 2002 and the Company enjoyed strong growth in its digital cable and high-speed Internet subscriber levels throughout the entire year.

To achieve the foregoing results, management's focus in fiscal 2002 was in three key areas.

The first area was the careful management of the Company's core cable operations in a fiercely competitive marketplace. The primary goals were the protection of Persona's subscriber base and the generation of new revenue streams in the face of intense competition from suppliers of direct broadcast satellite services (i.e. from "DTH"). To achieve these goals, the Company accelerated its roll out of digital cable services and more than doubled the availability of digital products in its systems. By the end of the fiscal 2002, 63.4% of Persona's cable subscribers had access to digital cable services. The Company also continues to practice strict cost control and this has allowed it to enhance product offerings without significant rate increases and thereby provide more value to its customers. The provision of high-quality customer service remains a priority as well.

The second area of focus was the continued expansion of the Company's high margin Internet and telecom businesses. These were Persona's primary growth engines in the year. To facilitate

this growth, the Company invested heavily in plant upgrades and related equipment during fiscal 2002. It also deployed 609 kilometres of fibre in the year to end fiscal 2002 with 2,563 kilometres of fibre, representing a year-over-year increase of 31.2%. The culmination of these activities was a \$2.2 million or 156.8% increase in Internet revenue to nearly \$3.6 million in fiscal 2002 and a \$5.6 million or 187.3% increase in telecom revenue to \$8.5 million.

The third area of focus in fiscal 2002 was the Company's cable system acquisition program. Acquisition activity in fiscal 2002 laid the groundwork for significant growth in fiscal 2003 by virtue of the Company's acquisition of control of Cable Bahamas Ltd. ("Cable Bahamas") effective September 1, 2002. Through its state-of-the-art systems, Cable Bahamas serves nearly 54,500 cable subscribers and 8,550 high-speed Internet subscribers in The Bahamas. It also has a lucrative and rapidly expanding telecommunications business.

Through its wholly owned subsidiaries, Persona International Inc and Persona Communications (Barbados) Inc, the Company has acquired 100% of the common shares of Columbus Communications Ltd ("Columbus"). Columbus owns 25% of the common shares of Cable Bahamas. At this level Persona, through Columbus, is able to elect a majority of the directors of Cable Bahamas and thereby controls Cable Bahamas. Accordingly, the financial statements of Cable Bahamas and its subsidiaries will be consolidated with those of Persona in fiscal 2003. This acquisition will therefore materially boost Persona's fiscal 2003 operating results. Cable Bahamas reports its consolidated financial results in Bahamian dollars which are at par with U.S. dollars. All financial statement amounts noted herein with respect to Cable Bahamas are consolidated amounts and have been expressed in Canadian dollars based on exchange rates prevailing at the time of writing of this Management's Discussion and Analysis.

Subscribers

In order to provide shareholders and other financial statement users with a clearer picture of the Company's financial performance, Persona reports Revenue Generating Units ("RGUs") in addition to its various subscriber counts and statistics. RGUs are calculated by dividing the Company's average monthly gross revenue during the year by its weighted average basic monthly cable rate. Each basic cable subscriber therefore has an average value of one RGU. This calculation then converts all other revenue streams to a common basis of measurement, i.e. to the number of equivalent RGUs that are represented by the particular revenue streams. Persona generated 358,600 RGUs in fiscal 2002, up 13,500 RGUs or 3.9% from 345,100 RGUs in fiscal 2001. The Company's RGU performance demonstrated that revenue growth through the expansion of digital cable, Internet and telecom services has significantly outpaced any revenue loss through erosion of the basic cable subscriber base.

Persona commenced fiscal 2002 with 231,900 cable subscribers, acquired cable systems serving 820 cable subscribers and experienced net churn (i.e. net subscriber loss) of 19,320 cable subscribers to end fiscal 2002 with 213,400 cable subscribers. On September 1, 2002, the Company's subscriber base increased to approximately 269,600 by virtue of its acquisition of control of Cable Bahamas (which, as noted earlier, serves just under 54,500 cable subscribers) and its acquisition of the assets of two cable television companies serving approximately 1,700 cable subscribers in southeastern Ontario. At the time of writing of this annual report, Persona is actively evaluating acquisition opportunities collectively comprising approximately 65,000 additional cable subscribers in Canada.

Although the Cable Bahamas acquisition was the Company's largest acquisition since its November 1, 1998 purchase of Northern Cable Holdings Limited

(now its Northern Division), management had also expected to acquire the telephone, cable and Internet businesses of Amtelecom Group Inc. ("Amtelecom") in southwestern Ontario during the first half of fiscal 2002. At that time, Amtelecom operated a telephone business with 21,400 access lines. It also served 10,300 cable subscribers and 2,600 Internet subscribers. Management had invested considerable time in the pursuit of that acquisition. However, in December 2001 the CRTC made a number of significant changes to the regulatory framework applicable to the telephone business of Amtelecom. The CRTC was also evaluating further proposed amendments to such regulatory framework at that time. As there was considerable risk that the CRTC's amendments could have a material adverse impact on Amtelecom's future revenue and EBITDA levels, Persona and Amtelecom were unable to reach an agreement on an acceptable acquisition price and negotiations ceased. Management continues to believe strongly in a disciplined approach to acquisition activity. Long term profitability and shareholder value will not be compromised by taking undue risks to achieve subscriber growth.

The primary causes of subscriber base erosion in fiscal 2002 were competition from DTH services which accounted for 13,300 disconnections in the year and to outward population migration in certain geographic regions. However, management is very encouraged by the significant reduction in subscriber churn during the second half of fiscal 2002 and is optimistic that the Company is turning the corner on subscriber base erosion. Persona lost 6,350 cable subscribers in the second half of fiscal 2002. This was approximately 30% lower than net churn experienced in the corresponding period in the previous fiscal year. It is also less than half of the churn levels of the first half of fiscal 2002.

Management believes that these churn reductions are attributable largely to the expansion of digital cable services.

Management's Discussion & Analysis

Revenue

Digital cable services were rolled out in 104 systems in fiscal 2002. Digital access, which stood at 30.2% of basic cable subscribers at the end of the fiscal 2001, increased to 63.4% at the close of fiscal 2002. Access is targeted to grow to 75% of the Company's existing subscriber base in fiscal 2003 based on budgeted roll outs for the year. Persona added 7,760 digital cable subscribers to its subscriber base in fiscal 2002 to end the year with 15,995 digital cable subscribers. This is nearly double the number of digital subscribers served one year earlier. Most of the churn experienced in the second half of fiscal 2002 occurred in the Company's analogue systems. Persona's digital systems are showing reduced churn and many have stabilized or experienced subscriber growth. Furthermore, nearly three quarters of the digital launches in fiscal 2002 occurred in the second half of the year. Many digital systems have therefore had a digital product for a very short period of time; too short in many cases to materially impact subscriber churn. This also explains the decline in the Company's digital penetration rate from 8.6% at August 31, 2001 to 6.6% at August 31, 2002, i.e. there was a rapid growth in digital access with only a short period of time to grow digital subscriber levels. Much of the churn reduction in the second half of fiscal 2002 was therefore attributable to earlier digital launches. Management is optimistic that rapid digitization in the second half of fiscal 2002 will have a positive impact on subscriber churn in fiscal 2003.

During fiscal 2002, Persona launched high-speed Internet services in 23 systems passing nearly 41,000 homes. At August 31, 2002 high-speed Internet service was available to 170,250 households representing 42.5% of homes passed by Persona's cable plant. Internet access is targeted to grow to 53% of homes passed in fiscal 2003. The number of high-speed Internet subscribers grew from 6,870 at a 5.3% penetration rate at the end of fiscal

2001 to 16,160 subscribers at a 9.5% penetration rate at the close of fiscal 2002. This represents an increase of 9,290 high-speed Internet subscribers, or a gain of nearly 135%, comprised of organic growth of 8,360 subscribers and acquisition growth of 930 subscribers. Acquisition growth stemmed from the Company's May 1, 2002 acquisition of OTV Cablelan Ltd. which provides high-speed Internet services in several communities in southeastern British Columbia.

On August 30, 2002 Persona acquired Cyberbeach Communications Corporation and ISYS Technology Inc. (collectively, "Cyberbeach") which were Internet service providers and Persona's partner in several of the Company's cable systems in northern Ontario. At the time of acquisition, Cyberbeach served 3,500 high-speed Internet subscribers (which are already included in Persona's Internet subscriber count pursuant to its partnership with Cyberbeach in the provision of high-speed Internet services in its operating territories) and 4,050 dial-up Internet subscribers. It is management's intention to migrate dial-up Internet subscribers to high-speed service during fiscal 2003. The Cyberbeach acquisition is expected to generate incremental EBITDA of approximately \$1.4 million in fiscal 2003. In all, Persona ended fiscal 2002 with 20,210 Internet subscribers comprised of 16,160 subscribers to high-speed Internet service and 4,050 subscribers to dial-up service.

Revenue

Total revenue grew by \$6.3 million during the year, from \$100.3 million in fiscal 2001 to \$106.6 million in fiscal 2002. All of this growth was provided by the Company's telecommunications and Internet operations.

Persona's core cable business generated total revenue of approximately \$94 million in fiscal 2002, down by \$1.4 million or 1.5% from fiscal 2001 cable revenue

of \$95.4 million. This decline was attributable to erosion of the Company's subscriber base as the average number of cable subscribers fell by 4.4% from 232,300 in fiscal 2001 to 222,000 in fiscal 2002, despite the acquisition in fiscal 2002 of cable systems serving approximately 820 subscribers. The amount of cable revenue derived from each cable subscriber increased from \$34.24 in fiscal 2001 to \$35.29 in fiscal 2002 due largely to the migration of subscribers to higher priced digital service packages. Pay-per-view revenue, which grew from \$400,000 last year to approximately \$600,000 in fiscal 2002, also contributed to this increase. Rate increases on the Company's analogue services were modest. In September, 2002 the Company implemented rate increases across most of its Canadian systems to reflect the value added to it's various cable packages over the past several years via the expansion of channel offerings in the absence of significant rate increases in those years. Through such rate increases and the continued growth of digital cable subscribers, the Company is targeting Canadian cable revenue to rise to \$37.85 per subscriber per month in fiscal 2003.

Telecom revenue, which was just under \$3 million in fiscal 2001, grew by nearly \$5.6 million or 187.3% to \$8.5 million in fiscal 2002. Most of this growth was contract driven. Fiscal 2002 telecom revenue was comprised of approximately \$6 million of contract based or "one-time" revenue streams and \$2.5 million of recurring revenue streams. The latter is comprised primarily of monthly fees charged to customers for usage of Persona's extensive fibre networks. Fiscal 2002 also saw a broadening of the Company's potential telecom market. Previously, all of Persona's telecom revenue was generated by its Northern Division which serves the Company markets in northern Ontario. In fiscal 2002, the Company's Central Division, which serves its Quebec and eastern Ontario

markets, also launched its telecom business and produced \$1.6 million of telecom revenue during the year. A variety of promising telecom opportunities in Newfoundland are also being actively explored by Persona's Atlantic Division. Although telecom markets were weak in the fourth quarter of fiscal 2002, they have strengthened in the first quarter of fiscal 2003. Based on telecom activity thus far in the year, management is optimistic that fiscal 2003 will be another successful year for Persona's Canadian telecom business.

In the Company's fiscal 2001 annual report, management indicated that it was targeting Internet revenue to reach \$2.9 million in fiscal 2002. That target was far exceeded with Internet revenue reaching nearly \$3.6 million in fiscal 2002, up \$2.2 million or 156.8% over fiscal 2001 Internet revenue of \$1.4 million. The drivers for this growth, as noted earlier, were increased availability of Internet services in the Company's systems and increased penetration rates. Management has structured its budgeted capital expenditure programs to significantly increase Internet access from 42.5% of homes passed in fiscal 2002 to 53% in fiscal 2003. Internet penetration rates have continued to show strong growth to date in the first quarter of fiscal 2003. Furthermore, the Cyberbeach acquisition will generate incremental Internet revenue of \$2 million in fiscal 2003. Based on these factors, management believes that Internet operations will continue to be a key growth engine and has therefore targeted Internet revenue on its Canadian operations to approach \$9 million in fiscal 2003.

Microwave revenue for fiscal 2002 was \$470,000, virtually identical to last year. The Company continues to be interested in selling its microwave systems as these assets are viewed as both non-core and limited in growth potential.

Management's Discussion & Analysis

Direct Costs

Operating Expenses

The Cable Bahamas acquisition is targeted to add approximately \$63.5 million in gross revenue in Persona's fiscal year ending August 31, 2003, comprised of cable revenue of \$43 million, Internet revenue of \$13.3 million and telecom revenue of \$7.2 million.

Direct Costs

Signal and copyright costs on core cable services increased from \$22.7 million in fiscal 2001 to \$26.2 million in fiscal 2002 despite a \$1.4 million decline in cable revenue over these periods. As a percentage of Cable revenue, these costs have risen from 23.8% to 27.8% over these same periods. In Persona's fiscal 2001 annual report, management noted that it had targeted a signal-to-cable revenue ratio of 27% for fiscal 2002. There are three reasons for these results:

- i) Fiscal 2001 signal costs were reduced through aggressive contract negotiations with a major signal supplier that resulted in signal waivers and rebates of approximately \$3.5 million in that year.
- ii) The expansion of digital cable services has increased signal cost as a percentage of cable revenue since these services carry lower gross margins than traditional analogue services.
- iii) Subscriber base erosion has been highest in the Company's "analogue only" systems (which clearly demonstrates the importance of Persona's aggressive expansion of digital services in the year). These systems, as just noted, have lower signal-to-cable revenue ratios than digital systems. Erosion of the analogue subscriber base therefore places downward pressure on cable gross margins.

The Company's billing rates and channel packages have been structured to yield an estimated signal-to-cable revenue ratio of approximately 29% in fiscal 2003. The increase in this ratio versus fiscal 2002 is due to the expected continued migration of analogue subscribers to digital services in fiscal 2003.

Telecom direct costs totalled \$1.1 million in fiscal 2002, yielding a gross margin of 87.5% on telecom

operations in the year. This is virtually identical to the targeted fiscal 2002 margin of 87.2% noted by management in last year's annual report. It is also steady compared to the Company's fiscal 2001 telecom gross margin of 88.4%. Persona's fiscal 2003 budget targets a margin of 87.7% on its Canadian telecom operations.

The direct costs of the Company's Internet business totalled \$795,000 in fiscal 2002 and resulted in a gross margin of 77.8% for the year. This represents relatively steady performance compared to last year during which Persona's Internet gross margin was 79.8%. Persona's Internet strategy has been the provision of a reliable broadband pipeline to third-party Internet service providers ("ISPs") who provide everything else. In return, Persona receives a portion of the Internet revenue generated by the ISP. Direct costs have therefore been very low relative to revenue streams, resulting in high gross margins. The Company's fiscal 2003 budget targets Internet margins to decline to 65.5%. However, this will not translate to EBITDA erosion in Persona's Internet business. Rather, the reduced margins will be accompanied by higher gross EBITDA levels achieved through a different Internet strategy in certain markets. Specifically:

- i) The Cyberbeach acquisition will add 4,050 dial-up Internet subscribers to Persona's subscriber base. The gross margin on the acquired dial-up business is 60%. This will enhance Internet EBITDA levels but will reduce gross margins until these subscribers are migrated to high-speed services.
- ii) The 3,500 high-speed Internet subscribers in Cyberbeach's operating territory were serviced by both Persona and Cyberbeach under Persona's typical Internet strategy. EBITDA from these subscribers was shared by both parties. Persona's share was earned at a much higher margin than that of Cyberbeach. Accordingly, the acquisition of Cyberbeach results in Persona receiving all of the Internet EBITDA on these subscribers, but at a lower overall margin.

iii) In the Company's Newfoundland market, Persona is able to purchase bandwidth at much lower prices than local ISPs due to its bulk buying power. Therefore, in order to maximize the EBITDA generated by each Internet subscriber, Persona purchases the necessary bandwidth on behalf of the local ISPs. In return, Persona receives a higher percentage of the gross revenue than it would typically receive from its ISP partners. The net result is that Persona receives the same EBITDA it would get in its other markets, but at a lower overall margin.

The direct costs of the Company's microwave business, which consist primarily of salary and repair costs, increased from \$291,000 in fiscal 2001 to \$319,000 in fiscal 2002. This increase was due to higher repair costs in the year and resulted in a reduction of the gross margin on microwave operations from 37.7% in fiscal 2001 to 32.1% in fiscal 2002.

The direct costs structures of Cable Bahamas differ materially from those of Persona's existing Canadian operations. The Cable Bahamas targets for Persona's fiscal year ending August 31, 2003 are as follows:

- i) Signal and copyright costs. Targeted at 16.9% of gross cable revenue.
- ii) Internet operations. Targeted gross margin of 73%.
- iii) Telecom operations. Targeted gross margin of 38.3%.
- iv) Royalty fees. These are fees paid to the Bahamian government and various government entities in return for licenses to operate Cable Bahamas' various businesses. Royalty fees on its telecommunications operations are currently fixed at \$38,400 per annum. Royalties on cable and Internet operations are revenue based and are levied at a variety of rates. On average, royalty fees on these operations are targeted at 4.1% of combined cable and Internet revenue.

Operating Expenses

Operating expenses are comprised of technical, administrative, marketing and broadcast services expenses. Broadcast services relate primarily to the Company's Northern Division and include the net results of its advertising channel operations, community programming costs and contributions to a programming fund. The latter two expenditure areas are required under CRTC regulations for the Company's Class 1 and 2 cable systems.

Strict cost control continues to be a core operating strategy for Persona. The Company manages these expenses by monitoring and controlling spending in relation to revenue levels. The success of this strategy is demonstrated by the consistency of the Company's operating expense-to-revenue ratios. Total operating expenses were 31.6% of revenue in fiscal 2002. This is virtually identical to that targeted for the year and to actual fiscal 2001 spending which totalled 31.5% of revenue.

Persona's fiscal 2003 budget also targets operating expenses to remain at 31.6% of targeted revenue. There were also no material variations during fiscal 2002 within the various categories of operating expenses. Technical spending, which was 16.8% of revenue in fiscal 2001, declined slightly to 16.5% of revenue in fiscal 2002. Administrative expenses increased slightly from 10.7% in fiscal 2001 to 10.9% in fiscal 2002. Marketing expenses were 3.8% of revenue in fiscal 2001 and 3.9% of revenue in fiscal 2002. Broadcast services expenditures were 0.2% of revenue last year and 0.3% of revenue in fiscal 2002.

For the fiscal year ending August 31, 2003 Cable Bahama's technical, administrative and marketing expenses, as a percentage of gross revenues, are targeted to be 9.6%, 10.1% and 5.1%, respectively.

Management's Discussion & Analysis

EBITDA & Margins

Financing Activity and Interest Expense

Capital Activity and Amortization Expense

EBITDA and Margins

Fiscal 2002 EBITDA was \$44.5 million, down approximately \$600,000 or 1.3% from fiscal 2001 EBITDA of \$45.1 million. Persona successfully held its ground despite tough industry conditions. It also fared far better than many others in the industry. Management believes this is a significant accomplishment.

Cable EBITDA declined by nearly \$7.1 million, from \$41.2 million at 43.1% margin in fiscal 2001 to \$34.1 million at a 36.3% margin in fiscal 2002. Half of this decline was due to the previously noted signal waivers and rebates that were negotiated with a major signal supplier in fiscal 2001. These waivers and rebates reduced signal costs by \$3.5 million in that year. The remainder of the decline was attributable to erosion of the Company's subscriber base. These factors, along with the fact that digital cable services carry lower gross margins than traditional analogue services, were the leading causes of the drop in the Company's overall EBITDA margin from 45% in fiscal 2001 to 41.8% in fiscal 2002.

The decline in cable EBITDA was largely offset by growth in telecom and Internet EBITDA. Telecom operations produced EBITDA of \$7.5 million at an 87.5% margin in 2002 as compared to \$2.6 million at an 88.4% margin in the previous year. This represents growth of more than \$4.8 million or approximately 184.5%. Internet EBITDA increased by nearly \$1.7 million or 150.4%, from \$1.1 million in fiscal 2001 to \$2.8 million in fiscal 2002.

Telecom and Internet operations, as well as digital cable services, are expected to be the growth engines for EBITDA on the Company's Canadian operations in fiscal 2003. The primary driver, however, will be Cable Bahamas which is targeted by management to produce total EBITDA of \$30.2 million in fiscal 2003.

Financing Activity and Interest Expense

In fiscal 2002, long term debt proceeds totalled \$24.7 million and repayments totalled \$7.2 million. Proceeds represent drawdowns on the Company's revolving term credit facilities. Of these proceeds, \$4.4 million was used to finance the acquisition of three cable television businesses and two Internet businesses. \$4.2 million was used to finance debt procurement costs incurred in connection with the Company's \$225 million revolving term credit facility. The remaining \$16.1 million was added to working capital and used primarily to fund capital expenditures. Repayments consisted of approximately \$6.9 million of payments on Persona's senior secured debentures at a rate of \$572,222 per month and approximately \$370,000 of principal repayments on capital lease obligations. These repayments were financed from operating cash flow.

In June, 2002 Persona announced that it had closed a \$225 million revolving term credit facility (the "New Revolver") to replace its existing \$175 million revolver. The New Revolver has an initial term of four years and is extendable for a fifth year subject to adherence to established covenants, satisfactory arrangements being in place to refinance the Company's existing senior secured debentures and other conditions. The New Revolver is comprised of a \$10 million, 7.5% fixed rate term loan and a \$215 million revolving facility. Interest rates on the revolving portion of the facility float based on the prime rate plus spreads based on Persona's debt leverage ratios. The remaining terms and conditions of the New Revolver are substantially the same as those of the previous facility. At August 31, 2002, the Company had \$113.4 million of committed, unutilized debt capacity under the New Revolver which it intends to use primarily for future acquisitions in Canada.

As a result of the foregoing transactions, total debt increased by \$17.5 million and stood at

approximately \$205 million at August 31, 2002, comprised of a New Revolver balance of \$111.6 million, senior secured debentures totalling \$93.3 million and capital lease obligations of \$75,000. The Company's debt leverage ratio (total debt to EBITDA) increased from 4.2:1 at August 31, 2001 to 4.6:1 at August 31, 2002 due to the increased debt load. The current portion of long term debt, which was \$12.3 million at August 31, 2002, was comprised of \$5.4 million of New Revolver debt due at various times throughout fiscal 2003, \$6.9 million in principal repayments due on the Company's senior secured debentures and \$34,000 of capital lease obligations. The current portion of the New Revolver debt was drawn to finance acquisitions under the special bridging provisions of the facility. Drawdowns under such bridging provisions mature twelve months from the drawdown date.

Total interest costs declined from \$12.7 million in fiscal 2001 to \$12.4 million in fiscal 2002 despite increased debt loads. These reduced interest charges were due primarily to a general decline in interest rates which resulted in lower floating rates of interest on the New Revolver. Also contributing to this reduction was the fact that during fiscal 2001 the Company paid interest on its senior secured debentures at an average rate of 8.2% until such debentures were replaced with its existing 7.452% debentures in March of 2001. The reduction in interest expense in fiscal 2002 enabled the Company to keep its 2002 interest coverage ratio (EBITDA to interest expense) at its fiscal 2001 level of 3.6:1 despite a slight decline in EBITDA in fiscal 2002.

Persona started fiscal 2002 with 16,500,203 common shares outstanding. During the year, 11,000 common shares were issued in connection with exercises of various stock options for gross proceeds of \$71,000, which was added to working capital. In addition, on August 30, 2002, 166,390 common shares were issued to the vendor of Cyberbeach for \$1 million to finance a portion of

the purchase price for that acquisition. Persona ended fiscal 2002 with 16,677,593 common shares outstanding.

Effective September 1, 2002 Persona purchased all the assets of two cable television companies serving approximately 1,700 subscribers in Ontario for a total purchase price of \$2.3 million. The Company issued 166,389 common shares to the vendor for \$1 million and financed the remainder of the purchase price with debt drawn under the New Revolver. Also effective September 1, 2002 the Company issued 2.8 million common shares in connection with its acquisition of control of Cable Bahamas. The Company also paid cash of approximately \$16 million (US\$10 million) and assumed US\$15 million of 8% redeemable preferred shares in Columbus. The cash portion of the purchase price was financed via a US\$10 million bridge loan from the Toronto Dominion Bank.

Capital Activity and Amortization Expense

Capital expenditures totalled \$35.7 million in fiscal 2002, down slightly from fiscal 2001 capital spending of \$36.6 million. Included in fiscal 2002 capital expenditures was approximately \$28.5 million for plant upgrades (including 609 kilometres of additional fibre-optic plant) and headend equipment directed toward the roll out of the Internet and digital cable services and to the expansion of the Company's telecom business. Persona also spent nearly \$5 million on digital set top boxes, cable modems and other equipment in connection with these activities. Remaining fiscal 2002 capital expenditures of \$2.2 million were distributed over a variety of items. These capital expenditures were financed via drawdowns on the New Revolver of approximately \$16 million and cash flow of \$19.7 million.

Capital expenditures are budgeted to decline by \$12.7 million to a level of \$23 million in fiscal

Management's Discussion & Analysis

Taxes

Net Income Cash Flow and Per-Share Amounts

Forward-Looking Statements

Non-GAAP Measures

2003. This decline reflects the fact that Persona's comprehensive cable system upgrade program and related launches of digital cable and Internet services - a \$100 million program which commenced mid-way through fiscal 2000 - is largely complete and will begin to wind down in fiscal 2003. Of this \$23 million, \$13.2 million will be directed toward plant upgrades and headend equipment for planned launches of digital cable and Internet services in fiscal 2003. As well, \$4.7 million has been earmarked for purchases of digital set top boxes, cable modems and related equipment. It is expected that all \$23 million of fiscal 2003 targeted capital expenditures will be financed from cash flow and the Company anticipates generating free cash flow for the entire fiscal year.

Amortization charges, which totalled \$21.6 million in fiscal 2001, declined by approximately \$2 million to \$19.6 million in fiscal 2002. This reduction was comprised of a \$4 million decline attributable to the cessation of subscriber cost amortization, offset by increases in capital asset and deferred charge amortization of \$1.8 million and \$200,000, respectively. The increased capital asset amortization was due to the rapid growth in the Company's capital assets attributable to both acquisition activity and to high levels of capital expenditures over the past three years. As noted earlier, the increased capital spending was directed toward the upgrade of Persona's cable systems to facilitate the roll out of digital cable and Internet services.

Effective September 1, 2001 Persona adopted new CICA standards pertaining to the amortization of goodwill and other intangible assets with an indefinite life. Under the new standards, subscriber costs are no longer amortized. Rather, they are subjected to an annual impairment test under which their fair value is calculated and compared to book values. An impairment loss would be charged to income to the extent that book value exceeded the calculated fair value. Persona's annual impairment test for the current year has been performed and management has

determined that no adjustment is required to the recorded value of Persona's subscriber cost base.

During fiscal 2002, Persona recorded deferred charges of \$8.5 million comprised of the following:

- i) \$4.2 million of fees and out-of-pocket costs incurred in connection with financing activities. Most of these costs relate to the Company's New Revolver.
- ii) \$2 million of out-of-pocket costs relating to acquisitions. Most of this was incurred in connection with the acquisition of control of Cable Bahamas. These deferred charges were not amortized and were transferred to subscriber costs when the related acquisitions closed early in fiscal 2003.
- iii) \$1.4 million of reorganization costs attributable to the restructuring of the Company to facilitate acquisition activity outside of Canada.
- iv) \$900,000 of launch costs incurred in connection with the roll out of digital cable and Internet services.

Deferred charge amortization increased by approximately \$200,000 from fiscal 2001 to fiscal 2002. This increase is modest despite the high level of cost deferral in the year. There are two reasons for this. First, amortization on the \$4.2 million of deferred financing charges commenced in the fourth quarter when the related financings were completed. Second, as noted above, deferred acquisition costs of \$2 million were not amortized.

Taxes

Fiscal 2002 taxes totalled \$5.6 million and were comprised of current capital tax of \$1.8 million, current income tax of \$1.8 million and future income tax of \$2 million. Persona ended the year with non-capital tax loss carryforwards of \$4.5 million and capital tax loss carryforwards of \$58.2 million. The non-capital losses expire in 2009. The capital tax losses, which can be used to shelter future capital gains from tax, can be carried forward indefinitely. The Company's combined statutory income tax rate, which was 40% in fiscal 2002, will decline to 38% in fiscal 2003 due to continued federal tax rate reductions.

Capital taxes are comprised of the federal "large corporation tax" and various provincial taxes on capital. The increase in capital taxes from \$1.5 million last year to \$1.8 million in fiscal 2002 was attributable to the increase in the Company's capital base due to increased debt and equity capital obtained to finance acquisitions and heavy capital expenditures in the year.

Although (i) net income before tax was steady at \$12.1 million in both fiscal 2001 and 2002 and (ii) the Company's combined statutory income tax rate fell from 42.6% to 40% over these same periods, tax on income increased from \$2.6 million in fiscal 2001 to \$3.8 million in fiscal 2002. The source of this apparent anomaly was the adoption in fiscal 2001 of the liability method of accounting for future taxes. Persona is required to use this method under Canadian GAAP pursuant to new CICA standards adopted in fiscal 2001. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying value of balance sheet items and their corresponding tax basis, using the enacted and substantively enacted income tax rate for the years in which the differences are expected to reverse. The reduction in the statutory rates of tax that will occur over the next several years are therefore factored in the calculation of future income tax expense in the current year. In fiscal 2001, all future tax accruals recorded prior to that year were restated to reflect these tax rate reductions. This restatement materially reduced the fiscal 2001 tax provision since the restated tax had been accrued over the years at much higher tax rates.

Net Income, Cash Flow and Per-Share Amounts

Operating cash flow declined slightly from \$28.7 million or \$1.79 per share in fiscal 2001 to \$28.5 million or \$1.72 per share in fiscal 2002. Free cash flow was negative \$7.2 million in fiscal 2002 as compared to negative \$7.8 million in fiscal 2001. This is primarily attributable to high levels of capital expenditures. Persona's capital spending will decline to \$23 million in fiscal 2002 and, as a result, management is targeting

the Company's Canadian operations to be free cash flow positive at \$2.9 million in fiscal 2003. Net income declined from \$8.1 million or \$0.50 per share in fiscal 2001 to \$6.5 million or \$0.39 per share in fiscal 2002.

Forward-Looking Statements

Management's Discussion and Analysis of financial condition and results of operations contains various forward-looking statements. These statements contain words such as "expects," "target," "optimistic," "believes," "intends," "anticipates," and similar words and expressions. Such forward-looking statements are based on current expectations, estimates and targets which may differ materially from the actual results achieved. Readers are therefore cautioned not to place undue reliance upon these statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements for any reason.

Non-GAAP Measures

Non-GAAP measures used in this annual report, and the Company's definition of such measures, are set forth below:

- EBITDA, which is also referred to as operating income before amortization, means net income before interest, taxes and non-cash items.
- Cash flow or operating cash flow means net income before non-cash items.
- Revenue generating units are calculated by dividing the Company's average monthly gross revenue for the period by its weighted average monthly basic cable rate.
- Gross margin means the ratio of (i) gross revenue less related direct costs to (ii) gross revenue, for a particular revenue stream.
- EBITDA margin means the ratio of EBITDA to total revenue.

The Company has included information concerning these non-GAAP measures because it believes such measures are used by certain investors to evaluate financial performance. These measures have no standard meaning under GAAP and may not be comparable to similarly titled measures used by other companies.

Five Year Summary

(FISCAL YEARS ENDED AUGUST 31)

	2002	2001	2000	1999	1998
Subscriber Data (1)					
Revenue Generating Units (2)	358,600	345,100	326,900	275,600	138,400
Cable					
All Systems					
Basic Subscribers	213,400	231,900	236,100	217,600	113,500
Homes Passed	400,400	396,300	374,700	324,100	190,100
Average Basic Subscribers	222,000	232,300	234,000	205,000	114,400
Basic Subscribers					
Acquired (Net)	820	16,305	32,080	108,550	—
Tier Subscriptions	153,900	139,500	126,500	111,500	20,800
"Analogue Only" Systems					
Basic Subscribers	78,100	161,800	180,000	217,600	113,500
Homes Passed	159,800	300,900	298,500	324,100	190,100
Digital Systems					
Digital Set Top Devices Deployed	19,745	10,615	5,465	—	—
Digital Subscribers	15,995	8,235	4,825	—	—
Analogue Subscribers	119,305	61,865	51,275	—	—
Total Subscribers	135,300	70,100	56,100	—	—
Homes Passed	240,600	95,400	76,200	—	—
Digital Penetration Rate	6.6%	8.6%	6.3%	—	—
Internet					
High Speed Subscribers	16,160	6,870	900	200	—
Dial-up Subscribers	4,050	560	—	—	—
Total Subscribers	20,210	7,430	900	200	—
Homes Passed	170,250	129,300	76,200	76,200	—
Penetration Rate	11.9%	5.7%	1.2%	0.3%	—
Income Statement Data					
Revenue (\$'000's)					
Cable	\$ 94,004	\$ 95,448	\$ 95,049	\$ 83,202	\$ 47,197
Telecom	\$ 8,528	\$ 2,968	\$ 1,271	\$ 518	—
Internet	\$ 3,580	\$ 1,394	\$ 142	\$ 78	—
Microwave	\$ 470	\$ 467	\$ 468	\$ 416	—
Total	\$ 106,582	\$ 100,277	\$ 96,930	\$ 84,214	\$ 47,197
EBITDA (\$'000's) (3)					
Cable	\$ 34,103	\$ 41,161	\$ 41,828	\$ 37,509	\$ 23,226
Telecom	\$ 7,466	\$ 2,624	\$ 1,010	\$ 257	—
Internet	\$ 2,785	\$ 1,112	—	—	—
Microwave	\$ 151	\$ 176	\$ 179	\$ 183	—
Total	\$ 44,505	\$ 45,073	\$ 43,017	\$ 37,949	\$ 23,226

Five Year Summary *cont'd*

(FISCAL YEARS ENDED AUGUST 31)

	2002	2001	2000	1999	1998
EBITDA Margins (4)					
Cable	36.3%	43.1%	44.0%	45.1%	49.2%
Telecom	87.5%	88.4%	79.5%	49.6%	—
Internet	77.8%	79.8%	—	—	—
Microwave	32.1%	37.7%	38.2%	44.0%	—
All Operations	41.8%	45.0%	44.4%	45.1%	49.2%
Costs, % Of Revenue (5)					
Signal & Copyright	27.8%	23.8%	24.0%	21.8%	17.5%
Operating Expenses					
Technical	16.5%	16.8%	15.7%	15.7%	16.8%
Administration	10.9%	10.7%	11.7%	12.3%	12.4%
Marketing	3.9%	3.8%	4.0%	4.2%	4.1%
Broadcast Services	0.3%	0.2%	—	0.5%	—
Total Operating Expenses	31.6%	31.5%	31.4%	32.7%	33.3%
Other (\$000's)					
Cash Flow (6)	\$ 28,455	\$ 28,702	\$ 29,612	\$ 27,280	\$ 15,316
Free Cash Flow (7)	\$ (7,249)	\$ (7,895)	\$ 805	\$ 6,713	\$ 5,270
Net Income Before Tax	\$ 12,114	\$ 12,122	\$ 12,194	\$ 19,810	\$ 7,600
Net Income Excluding					
Non-Recurring Items (8)	\$ 6,499	\$ 6,607	\$ 5,365	\$ 5,332	\$ 2,662
Net Income	\$ 6,499	\$ 8,050	\$ 4,678	\$ 10,532	\$ 3,076
Balance Sheet Data (\$000's)					
Total Assets	\$ 393,512	\$ 363,509	\$ 297,318	\$ 259,313	\$ 176,439
Total Liabilities	\$ 264,648	\$ 242,193	\$ 207,152	\$ 171,429	\$ 98,191
Shareholders' Equity	\$ 128,864	\$ 121,316	\$ 90,166	\$ 87,884	\$ 78,248
Total Debt	\$ 204,947	\$ 187,483	\$ 154,930	\$ 129,785	\$ 84,309
Net Debt (9)	\$ 201,143	\$ 184,449	\$ 152,528	\$ 122,059	\$ 20,563
Per Share Data (10)					
EBITDA	\$ 2.70	\$ 2.80	\$ 2.89	\$ 2.55	\$ 2.14
Cash Flow	\$ 1.72	\$ 1.79	\$ 1.99	\$ 1.84	\$ 1.41
Net Income Before Tax	\$ 0.73	\$ 0.75	\$ 0.82	\$ 1.33	\$ 0.70
Net Income Excluding					
Non-Recurring Items (8)	\$ 0.39	\$ 0.41	\$ 0.36	\$ 0.36	\$ 0.24
Net Income	\$ 0.39	\$ 0.50	\$ 0.31	\$ 0.72	\$ 0.28
Average Market Price	\$ 9.52	\$ 10.87	\$ 14.65	\$ 12.83	\$ 10.64
Enterprise Value/EBITDA (11)	8.1	8.0	8.7	8.4	8.6
Average Market Price/Cash Flow	5.5	6.1	7.4	7.0	7.5
Average Market Price/Earnings	24.4	21.7	47.3	17.8	38.0
Key Ratios					
Total Debt/EBITDA	4.6 times	4.2 times	3.6 times	3.4 times	3.6 times
EBITDA/Interest Expense	3.6 times	3.6 times	4.0 times	4.1 times	3.2 times
Cable Revenue Per Cable					
Subscriber Per Month (12)	\$ 35.29	\$ 34.24	\$ 33.85	\$ 33.82	\$ 34.38
Cable EBITDA Per Cable					
Subscriber Per Month (12)	\$ 12.80	\$ 14.76	\$ 14.90	\$ 15.25	\$ 16.92

Five Year Summary *cont'd*

(FISCAL YEARS ENDED AUGUST 31)

	2002	2001	2000	1999	1998
Internet Revenue Per					
Internet Subscriber Per Month (12)	\$ 24.83	\$ 27.78	\$ 21.83	—	—
Internet EBITDA Per					
Internet Subscriber Per Month (12)	\$ 19.32	\$ 22.16	—	—	—
Bad debts, Percent Of Revenue	0.4%	0.5%	0.3%	0.4%	0.4%
Capital Expenditures Per Subscriber (12)	\$ 161	\$ 158	\$ 122	\$ 95	\$ 89
Other Data					
Non-Capital Tax Loss					
Carryforwards (\$000's)	\$ 4,500	\$ —	\$ —	\$ 7,100	\$ 14,969
Capital Tax Loss					
Carryforwards (\$000's)	\$ 58,200	\$ 58,200	\$ 60,200	\$ 60,200	\$ 65,400
Common Shares Outstanding,					
At Fiscal Year End (000's)	16,678	16,500	14,744	14,910	14,744
Common Shares Outstanding,					
Weighted Average (000's)	16,505	16,071	14,888	14,859	10,862
Kilometers Of Fibre Optic Plant	2,563	1,954	1,666	1,508	436
Total Capital Expenditures (\$000's)	\$ 35,704	\$ 36,597	\$ 28,807	\$ 20,567	\$ 10,046

- (1) Subscriber data is at year end unless otherwise indicated.
- (2) Revenue generating units means average monthly gross revenue divided by the weighted average basic monthly cable rate.
- (3) EBITDA means net income before interest, taxes and non-cash items.
- (4) EBITDA margin means EBITDA divided by gross revenue.
- (5) Signal & copyright expenses are expressed as a percentage of cable revenue. Operating expenses are expressed as a percentage of total revenue.
- (6) Cash flow means net income before non-cash items.
- (7) Free cash flow means cash flow less capital expenditures.
- (8) Non-recurring items are:
 - (i) Fiscal 2001
 - Gain of \$1.98 million on the forgiveness of debt, resulting from the restructuring of decoder provisioning arrangements with a major signal supplier. No tax impact as resultant capital gain was sheltered by the Company's capital tax loss carryforwards.
 - Refinancing charges of \$935,000 (*net of tax, \$537,000*) incurred in connection with the issuance, on a private placement basis, of debentures totaling \$103 million.
 - (ii) Fiscal 2000
 - Restructuring charge of \$1.2 million (*net of tax, \$687,000*) incurred in connection with the restructuring of the Company's Northern Division.
 - (iii) Fiscal 1999
 - Gains on dispositions of redundant assets and non-core cable systems of \$6 million (*net of tax, \$5.2 million*).
 - (iv) Fiscal 1998
 - Divestiture gain on discontinued (*U.S.*) operations, \$414,000.
- (9) Net debt means total debt less cash on hand.
- (10) Per share data is based on the weighted average number of common shares outstanding during the year.
- (11) Enterprise Value means the sum of (i) the weighted average number of common shares outstanding during the year multiplied by the average market price per share and (ii) total debt.
- (12) Based on average subscriber levels for the year.

Selected Quarterly Information

	FISCAL 2002					FISCAL 2001				
	Q1	Q2	Q3	Q4	ANNUAL	Q1	Q2	Q3	Q4	ANNUAL
OPERATING RESULTS (\$000's)										
Revenue	\$ 27,444	\$ 27,513	\$ 26,175	\$ 25,450	\$ 106,582	\$ 24,773	\$ 24,609	\$ 24,862	\$ 26,033	\$ 100,277
EBITDA	\$ 12,110	\$ 12,173	\$ 11,025	\$ 9,197	\$ 44,505	\$ 12,001	\$ 11,166	\$ 11,141	\$ 10,765	\$ 45,073
Cash Flow	\$ 8,241	\$ 8,578	\$ 7,401	\$ 4,235	\$ 28,455	\$ 7,652	\$ 7,134	\$ 5,816	\$ 8,100	\$ 28,702
Net Income (Loss) Before Tax	\$ 4,820	\$ 4,852	\$ 3,179	\$ (737)	\$ 12,114	\$ 4,405	\$ 4,726	\$ 1,007	\$ 1,984	\$ 12,122
Net Income (Loss) Excluding										
Unusual Items (1)	\$ 2,764	\$ 2,783	\$ 1,692	\$ (740)	\$ 6,499	\$ 1,810	\$ 812	\$ 335	\$ 3,650	\$ 6,607
Net Income (Loss)	\$ 2,764	\$ 2,783	\$ 1,692	\$ (740)	\$ 6,499	\$ 1,810	\$ 2,792	\$ (201)	\$ 3,649	\$ 8,050
PER SHARE DATA (2)										
Cash Flow	\$ 0.50	\$ 0.52	\$ 0.45	\$ 0.26	\$ 1.72	\$ 0.48	\$ 0.45	\$ 0.36	\$ 0.50	\$ 1.79
Net Income (Loss) Excluding										
Unusual Items	\$ 0.17	\$ 0.17	\$ 0.10	\$ (0.04)	\$ 0.39	\$ 0.11	\$ 0.05	\$ 0.02	\$ 0.23	\$ 0.41
Net Income (Loss)	\$ 0.17	\$ 0.17	\$ 0.10	\$ (0.04)	\$ 0.39	\$ 0.11	\$ 0.17	\$ (0.01)	\$ 0.23	\$ 0.50
TRADING STATISTICS										
High	\$ 9.25	\$ 11.25	\$ 12.15	\$ 10.40	\$ 12.15	\$ 14.20	\$ 14.00	\$ 11.95	\$ 12.65	\$ 14.20
Low	\$ 7.00	\$ 8.00	\$ 9.60	\$ 5.75	\$ 5.75	\$ 9.75	\$ 9.80	\$ 9.00	\$ 8.01	\$ 8.01
Close	\$ 8.25	\$ 10.25	\$ 10.10	\$ 5.81	\$ 5.81	\$ 10.10	\$ 11.25	\$ 11.50	\$ 8.60	\$ 8.60
Volume (Shares)	1,691,843	2,685,307	1,128,567	750,872	6,256,589	2,627,970	1,191,628	1,738,987	1,729,173	7,287,758

(1) Unusual items are:

- Fiscal 2001, second quarter, gain of \$1.98 million on the forgiveness of debt, resulting from the restructuring of decoder provisioning arrangements with a major signal supplier. No tax impact as resultant capital gain was sheltered by the Company's capital tax loss carryforwards.
- Fiscal 2001, third and fourth quarters, refinancing costs of \$933,000 and \$1,600 respectively (*net of tax, \$536,000 and \$900, respectively*) incurred in connection with the issuance, on a private placement basis, of debentures totaling \$103 million.

(2) The sum of the quarterly per-share amounts may not equal the annual totals due to quarterly fluctuations in the weighted average number of common shares outstanding and to rounding differences.

Management's Report

The management of Persona Inc. is responsible for the preparation and integrity of the financial statements and related financial information of the Company. The financial statements in this annual report have been prepared by Company management in accordance with Canadian generally accepted accounting principles and, where necessary, utilizing management's judgement and best estimates. The financial and operating information presented elsewhere in this annual report is consistent with that shown in the financial statements.

To help fulfill its responsibility, and to ensure integrity of financial reporting, management maintains a system of internal controls encompassing all financial records. These controls, which include timely periodic reporting of financial information, provide reasonable assurance that assets are safeguarded and transactions and events are properly recorded. The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee, which reviews the annual financial statements of the Company and recommends their approval to the Board of Directors.

Ernst & Young LLP, independent auditors appointed by the shareholders, have free access to the Audit Committee both with and without management present. The auditors have examined the financial statements in this annual report and have reported their findings, including the fairness of financial reporting and the results of their review of internal controls, to management and the Audit Committee. The auditors report directly to the shareholders and have expressed their opinion on the Company's financial statements in the following report.

Auditors' Report

To the Shareholders of Persona Inc.

We have audited the consolidated balance sheets of Persona Inc. as at August 31, 2002 and 2001 and the consolidated statements of deficit, operations and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Canada,
September 27, 2002.

Ernst & Young LLP
Chartered Accountants

Consolidated Balance Sheets

As at August 31

[in thousands of dollars]

	2002	2001
ASSETS [note 7]		
Current		
Cash	\$ 3,804	\$ 3,034
Accounts receivable	8,770	6,131
Inventory	3,061	6,713
Prepaid expenses and other	2,883	1,949
Total current assets	18,518	17,827
Notes receivable from related parties [note 4]	779	1,000
Capital assets [note 5]	192,499	174,405
Subscriber costs	171,725	166,910
Deferred charges [note 6]	9,991	3,367
Total assets	\$ 393,512	\$ 363,509
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 30,316	\$ 27,031
Subscriber prepayments	4,759	5,049
Current portion of long-term debt [note 7]	12,261	20,668
Total current liabilities	47,336	52,748
Long-term debt [note 7]	192,686	166,815
Future income taxes [note 9]	24,626	22,630
Total liabilities	264,648	242,193
Commitments and contingencies [note 12]		
SHAREHOLDERS' EQUITY		
Share capital [note 8]	175,903	174,854
Deficit	(47,039)	(53,538)
Total shareholders' equity	128,864	121,316
Total liabilities and shareholders' equity	\$ 393,512	\$ 363,509

See accompanying notes

On behalf of the Board:


Director


Director

Consolidated Statements of Deficit

Year ended August 31

[In thousands of dollars]

	2002	2001
Deficit, beginning of year	\$ (53,538)	\$ (61,588)
Net income	6,499	8,050
Deficit, end of year	\$ (47,039)	\$ (53,538)

See accompanying notes

Consolidated Statements of Operations

Year ended August 31

[In thousands of dollars, except per share data]

	2002	2001
REVENUE		
Cable	\$ 94,004	\$ 95,448
Telecom	8,528	2,968
Internet	3,580	1,394
Microwave	470	467
	106,582	100,277
DIRECT COSTS		
Signal and copyright	26,178	22,731
Telecom	1,062	344
Internet	795	282
Microwave	319	291
	28,354	23,648
Net revenue	78,228	76,629
OPERATING EXPENSES		
Technical	17,589	16,797
Administration	11,693	10,762
Marketing	4,112	3,827
Broadcast services	329	170
	33,723	31,556
Operating income before amortization	44,505	45,073
Amortization	19,600	21,557
Operating income	24,905	23,516
Other expenses (income)		
Interest	12,427	12,695
Loss (gain) on disposal of capital assets	364	(256)
Refinancing costs	-	935
Gain on forgiveness of debt [note 7]	-	(1,980)
	12,791	11,394
Income before income taxes	12,114	12,122
Income taxes [note 9]	5,615	4,072
Net income	\$ 6,499	\$ 8,050
Basic and diluted net income per share [note 11]	\$ 0.39	\$ 0.50

See accompanying notes

Consolidated Statements of Cash Flows

Year ended August 31

[In thousands of dollars, except per share data]

	2002	2001
OPERATING ACTIVITIES		
Net income	\$ 6,499	\$ 8,050
Adjustments for		
Amortization of capital assets	17,716	15,901
Amortization of subscriber costs [note 2]	-	3,961
Amortization of deferred financing costs	1,205	1,466
Amortization of other deferred charges	679	229
Loss (gain) on disposal of capital assets	364	(256)
Gain on forgiveness of debt	-	(1,980)
Future income taxes	1,992	1,331
	28,455	28,702
Change in non-cash operating working capital	2,681	(3,092)
Cash provided by operating activities	31,136	25,610
INVESTING ACTIVITIES		
Business acquisitions, net cash paid [note 10]	(4,428)	(20,939)
Proceeds from disposal of capital assets	540	755
Purchases of capital assets	(35,704)	(36,597)
Decrease (increase) in notes receivable from related parties	221	(478)
Increase in deferred charges	(8,508)	(2,325)
Cash used in investing activities	(47,879)	(59,584)
FINANCING ACTIVITIES		
Long-term debt proceeds	24,700	106,300
Long-term debt repayments	(7,236)	(71,767)
Net proceeds on share issuances	49	73
Cash provided by financing activities	17,513	34,606
Net increase in cash during the year	770	632
Cash, beginning of year	3,034	2,402
Cash, end of year	\$ 3,804	\$ 3,034
Cash flows from operations per share [note 11]	\$ 1.72	\$ 1.79

See accompanying notes

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION

Pursuant to a corporate reorganization, effective September 1, 2001, common shares of Regional Cablesystems Inc. ("Regional") were exchanged on a one-to-one basis for common shares of Persona Inc. ("Persona"), and Regional became a wholly-owned subsidiary of Persona. On February 11, 2002 Regional changed its name to Persona Communications Inc. ("PCI"). The consolidated financial statements for the year ended August 31, 2002 include the accounts of Persona and the consolidated accounts of its wholly-owned subsidiaries, PCI and Persona International Inc. ("PII") (collectively, the "Company"). Comparative information for the year ended August 31, 2001 is that of Regional and its wholly-owned subsidiaries at that time.

Persona, through PCI, is in the business of providing cable television, high-speed Internet and related telecommunications services in non-metropolitan markets in Canada. Effective September 1, 2002, through PII and its wholly-owned subsidiary, Persona Communications (Barbados) Inc. ("PCBI"), Persona provides similar services in certain selected markets throughout the Caribbean region, inclusive of The Commonwealth of The Bahamas. [Note 13(i)]

2. CHANGE IN ACCOUNTING POLICIES

Subscriber cost amortization

Effective September 1, 2001, the Company has adopted the provisions of the Canadian Institute of Chartered Accountants ("CICA") standard for the amortization of goodwill and other intangible assets. Under this standard, the Company's subscriber costs, which represent the excess of the purchase price over the fair value of the identifiable net tangible and intangible assets arising from the acquisition of cable television systems, are no longer subject to amortization. The Company tested the value of its subscriber costs for impairment at September 1, 2001 and determined that no writedown for impairment was necessary. The adoption of this standard as of September 1, 2000 would have had the following impact on the comparative results:

<i>[In thousands of dollars]</i>		2001
Net income		
Reported net income		\$ 8,050
Add back: subscriber cost amortization		3,961
Adjusted net income		\$ 12,011
Basic and diluted net income per share		
Reported net income		\$ 0.50
Subscriber cost amortization		0.25
Adjusted net income		\$ 0.75

Per share calculations

Effective September 1, 2001, the Company implemented the new recommendations of the CICA with regards to earnings per share. Accordingly, diluted earnings per share is computed in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents. The policy has been applied retroactively and the comparative figures have been restated to conform with the new recommendations.

Notes to Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Principles of consolidation

The consolidated financial statements include the accounts of Persona and its subsidiaries. Intercompany accounts and transactions have been eliminated upon consolidation.

Inventory

Inventory, consisting primarily of materials and supplies, is recorded at the lower of cost determined on a first-in first-out basis and net realizable value.

Capital assets

Capital assets are recorded at the cost of acquisition.

Amortization is provided over the estimated useful lives of the capital assets primarily as follows:

Buildings	5% declining balance
Cable and telecommunications distribution systems	20 years straight-line
Microwave systems	20 years straight-line
Other equipment	10% to 30% straight-line and 20% declining balance
Vehicles	40% declining balance
Leasehold improvements	Life of lease, straight-line

Subscriber costs

Subscriber costs represent the excess of the purchase price over the fair value of the identifiable net tangible and intangible assets arising from the acquisition of cable television systems. Subscriber costs consist primarily of the subscriber base and cable television licenses issued by the Canadian Radio-television and Telecommunications Commission.

The Company assesses the continuing value of subscriber costs each year by considering current operating results as well as undiscounted cash flows or market related value. If an impairment in value occurs, the subscriber costs would be reduced by a charge to operations in the year of impairment.

Deferred charges

Deferred charges are comprised primarily of financing and new service launch costs. Deferred charges arising on financing are amortized on a straight-line basis over the term of the financing. New service launch costs are amortized on a straight-line basis from the commencement of operations over a period not exceeding five years.

Revenue recognition

Revenue includes earned subscriber service revenue and related fees. Revenue is recognized when services have been provided. Service fees billed or paid in advance are recorded as revenue when earned. Unearned revenue is recorded as subscriber prepayments.

Notes to Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES *[Cont'd]*

Financial instruments

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities and subscriber prepayments approximate fair value due to the short maturity of these instruments. The carrying values of notes receivable from related parties approximate fair value. The carrying value of long-term debt approximates its fair value based on current borrowing rates available to the Company.

Foreign currency translation

Transactions originating in foreign currencies are translated into Canadian dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities are translated at the year end rate of exchange and non-monetary items are translated at historic exchange rates.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted and substantively enacted income tax rates for the years in which the differences are expected to reverse. The effect of a change in substantively enacted income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs.

Stock-based compensation plans

The Company has a stock option plan for directors, senior officers and employees as described in Note 8. All stock options issued under this plan have an exercise price equal to the fair market value of the underlying shares on the date of grant. No compensation expense is recognized for these plans when stock options are issued. Any consideration received on exercise of stock options is recorded as share capital.

Employee future benefits

The Company has a defined contribution pension plan. Employee contributions are calculated according to a specified rate applied to salary and are matched by the Company. The Company's contributions for the year of \$628,000 (2001 - \$603,000) are expensed as incurred.

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

4. NOTES RECEIVABLE FROM RELATED PARTIES

The notes receivable are due from certain directors and officers of the Company. They are repayable at various dates up to December 31, 2010. These notes were issued to purchase common shares of Persona and personal residences. They are secured by the common shares purchased with a market value of \$143,600 and mortgages on personal residences. Interest is payable on the note to purchase common shares equal to the amount of dividends received on the purchased shares. The remaining notes are non-interest bearing.

Notes to Consolidated Financial Statements

5. CAPITAL ASSETS

[In thousands of dollars]

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 807	\$ -	\$ 807	\$ 625
Buildings	9,194	1,341	7,853	7,009
Cable and telecommunications distribution systems	258,033	102,892	155,141	138,871
Microwave systems	1,067	274	793	865
Other equipment	46,967	21,782	25,185	23,852
Vehicles	6,902	4,475	2,427	2,798
Leasehold improvements	959	666	293	385
	\$ 323,929	\$ 131,430	\$ 192,499	\$ 174,405

6. DEFERRED CHARGES

[In thousands of dollars]

	2002	2001
Deferred financing costs	\$ 5,081	\$ 2,060
Deferred acquisition, launch and other costs	4,910	1,307
	\$ 9,991	\$ 3,367

7. LONG-TERM DEBT

[In thousands of dollars]

	2002	2001
Secured debentures, bearing interest at a rate of 7.452%, repayable in monthly instalments of \$572,222 plus interest, maturing March, 2006	\$ 93,272	\$ 100,139
Revolving term credit facility	111,600	86,900
Obligations under capital leases	75	444
	204,947	187,483
Less current portion	12,261	20,668
	\$ 192,686	\$ 166,815

During the year, PCI replaced its former \$175 million revolving term credit facility with a new \$225 million revolving term credit facility. The facility has an initial term of four years and is extendable for a fifth year subject to adherence to established covenants, satisfactory arrangements being in place to refinance PCI's existing secured debentures and other conditions. The facility is comprised of a \$10 million, 7.5% fixed rate term loan and a \$215 million revolving loan. Interest rates on the revolving portion of the facility float based on the prime rate plus spreads based on debt leverage ratios. At August 31, 2002, \$113.4 million of the revolving facility was undrawn. This amount is available for acquisitions and general corporate purposes.

Secured debentures and the revolving term credit facility are secured by a first, fixed and floating charge over all assets of the issuer, excluding assets pledged as security for capital lease obligations.

Notes to Consolidated Financial Statements

7. LONG-TERM DEBT *(Cont'd)*

Obligations under capital leases are secured by the specific leased assets. During the year ended August 31, 2001, Regional recognized a gain of \$1,980,000 on the forgiveness of capital lease obligations with a major signal supplier.

Long-term debt is repayable as follows:

[In thousands of dollars]

Year	Secured Debentures	Revolving Term		Capital Leases	Total
		Credit Facility			
2003	\$ 6,867	\$ 5,360		\$ 34	\$ 12,261
2004	6,867	-		41	6,908
2005	6,867	-		-	6,867
2006	72,671	106,240		-	178,911
	\$ 93,272	\$ 111,600		\$ 75	\$ 204,947

During the year, interest incurred on long-term debt amounted to \$12,427,000 (2001 - \$12,370,000). Interest of \$11,052,000 (2001 - \$12,703,000) was paid in the year.

8. SHARE CAPITAL

Common Shares

Authorized

Persona is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

Issued and Outstanding

	2002		2001	
	Common Shares	Thousands Of Dollars	Common Shares	Thousands Of Dollars
Balance, beginning of year	16,500,203	\$ 174,854	14,743,900	\$ 151,754
Shares issued for cash	11,000	71	11,000	86
Shares issued in exchange for shares of acquired interests	166,390	1,000	1,745,303	23,027
Share issue costs	-	(22)	-	(13)
Balance, end of year	16,677,593	\$ 175,903	16,500,203	\$ 174,854

Pursuant to a normal course issuer bid, Persona is permitted to repurchase up to 1,519,808 of its issued and outstanding common shares at market value during the twelve-month period from March 6, 2002 to March 5, 2003. Shares repurchased will be cancelled. As at August 31, 2002 no shares had been repurchased.

Notes to Consolidated Financial Statements

8. SHARE CAPITAL [Cont'd]

On August 30, 2002, Persona issued 166,390 common shares with a fair value of \$1,000,000 in connection with PCI's purchase of all of the shares of Cyberbeach Communications Corporation and Isys Technology Inc.

On September 1, 2000, Regional issued 1,223,491 common shares with a fair value of \$16,823,000 to purchase the 29.9% of Regional Cable TV (Western) Inc. ("Western") that it did not already own.

On December 1, 2000, Regional issued 18,940 common shares with a fair value of \$200,000 in connection with its purchase of all of the shares of Kawartha Lakes Cablevision Inc. On July 4, 2001, Regional issued 502,872 common shares with a fair value of \$6,004,292 in connection with its purchase of all of the shares of Community Cable Limited.

Stock Option Plan

Persona has a stock option plan under which it may grant options for up to 1,500,000 common shares to directors, senior officers and employees. As at August 31, 2002, there were 1,316,306 common shares reserved for issuance in connection with Persona's stock option plan. The exercise price of each option equals the market price of Persona's common shares on the date of the grant and an option's maximum term is 10 years. Options can be granted at any time upon approval of the Board of Directors and vest immediately for directors and at 20% per year for senior officers and employees.

A summary of the status of Persona's stock option plan and changes in that plan are as follows:

	2002		2001	
	Common Shares	Weighted Average Exercise Price	Common Shares	Weighted Average Exercise Price
Outstanding, beginning of year	765,000	\$ 10.91	518,000	\$ 10.71
Granted	330,000	8.25	280,000	11.30
Exercised	(11,000)	6.50	(11,000)	7.86
Forfeited	-	-	(22,000)	12.95
Outstanding, end of year	1,084,000	\$ 10.14	765,000	\$ 10.91
Exercisable, end of year	443,200	\$ 9.72	264,000	\$ 8.80

As at August 31, 2002, Persona has the following options outstanding and exercisable under its stock option plan:

Number of Options Outstanding	Number of Options Exercisable	Option Price	Expiry Date
24,000	24,000	\$ 5.00	August 31, 2005
32,600	32,600	6.25	September 30, 2006
77,600	77,600	6.50	September 1, 2007
134,000	106,000	11.25	June 11, 2008
23,800	14,200	10.55	September 10, 2008
182,000	72,800	13.85	September 14, 2009
280,000	56,000	11.30	October 12, 2010
330,000	60,000	8.25	October 4, 2011
1,084,000	443,200		

Notes to Consolidated Financial Statements

8. SHARE CAPITAL *[Cont'd]*

Shareholder Rights Plan

During the year ended August 31, 2001, Persona's shareholders approved a shareholder rights plan (the "Rights Plan"). The Rights Plan will expire at the close of the annual meeting of shareholders in 2004.

The rights issued under the Rights Plan, one right per common share, become exercisable only when a party acquires or intends to acquire 20% or more of Persona's outstanding common shares without complying with the "Permitted Bid" provision of the Rights Plan or without approval of the Board of Directors. Each right, upon exercise, would entitle a rights holder, other than the acquiror, to purchase one common share of Persona at a 50% discount to the market price at that time.

9. INCOME TAXES

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The tax effects of temporary differences that give rise to significant portions of the future income tax liabilities are presented below:

<i>[In thousands of dollars]</i>	2002	2001
Future income tax liabilities		
Capital assets	\$ 21,355	\$ 21,068
Subscriber costs	2,139	1,492
Deferred charges	1,132	51
Other	-	19
	\$ 24,626	\$ 22,630

The income tax expense reflects an effective tax rate which differs from the combined federal and provincial statutory income tax rates for the following reasons:

<i>[In thousands of dollars]</i>	2002	2001
Income before income taxes	\$ 12,114	\$ 12,122
Combined federal and provincial statutory income tax rates	40.0%	42.6%
Income tax calculated at statutory rates	4,846	5,164
Increase (decrease) in taxes resulting from		
Amortization of non-deductible subscriber costs	-	1,565
Other non-deductible expenses	38	100
Recognition of previously unrecognized benefits of capital tax loss carryforwards	-	(844)
Capital tax	1,787	1,452
Effect of future tax rate reductions	(320)	(3,083)
Other	(736)	(282)
Provision for income taxes	\$ 5,615	\$ 4,072
The Company's provision for income taxes is comprised of		
Current income taxes	3,623	2,741
Future income taxes	1,992	1,331
	\$ 5,615	\$ 4,072

Income taxes of \$3,689,000 (2001 - \$1,590,000) were paid in the year.

Notes to Consolidated Financial Statements

9. INCOME TAXES *[Cont'd]*

As at August 31, 2002, PCI has approximately \$58,200,000 in capital losses and Persona has \$4,500,000 in non-capital losses. The capital losses can be carried forward indefinitely and applied against future capital gains in PCI. The non-capital losses which expire in 2009 can be carried forward for seven years and applied against future taxable income of Persona. The potential benefits associated with these losses have not been reflected in the financial statements.

10. BUSINESS ACQUISITIONS

Acquisitions are accounted for by the purchase method and their results of operations are included in these financial statements from the date of each acquisition.

PCI acquired 100% share ownership of the following companies during the year ended August 31, 2002:

Company	Acquisition Date	Purchase Price
<i>[In thousands of dollars]</i>		
Skyway Cablevision Limited	October 15, 2001	\$ 200
Glovertown Cable TV Limited	March 1, 2002	436
OTV Cablelan Ltd.	May 1, 2002	696
Cyberbeach Communications Corporation and Isys Technology Inc.	August 30, 2002	4,000
		<u>\$ 5,332</u>

In addition, on June 30, 2002 PCI acquired 100% of the assets of Cable III Limited for a purchase price of \$221,000.

On September 1, 2002, PCI, Skyway Cablevision Limited, Glovertown Cable TV Limited and OTV Cablelan Ltd. amalgamated and continued operations as Persona Communications Inc.

The fair values of the assets acquired and the liabilities assumed were as follows:

<i>[In thousands of dollars]</i>	
Cash	\$ 83
Capital assets	1,010
Subscriber costs	4,815
Working capital other than cash	(393)
Future income taxes	(4)
	<u>5,511</u>
Less cash acquired	(83)
Less shares issued	<u>(1,000)</u>
Net cash consideration	<u>\$ 4,428</u>

Notes to Consolidated Financial Statements

10. BUSINESS ACQUISITIONS *[Cont'd]*

Regional acquired 100% share ownership of the following companies during the year ended August 31, 2001:

Company	Acquisition Date	Purchase Price
<i>[In thousands of dollars]</i>		
Pontiac Cable Limited	October 1, 2000	\$ 665
Kawartha Lakes Cablevision Inc.	December 1, 2000	2,101
Riverview Cable Limited	February 1, 2001	366
Cottagers Cable Limited	March 1, 2001	1,226
Village Cablesystems Ltd.	March 1, 2001	973
Reddens Cable TV Limited	March 1, 2001	1,921
Duclos Cablevision Ltee	July 1, 2001	5,776
Community Cable Limited	July 1, 2001	14,055
		\$ 27,083

In addition, on September 1, 2000 Regional issued 1,223,491 common shares at a price of \$13.75 per share to acquire the 29.9% of Western that it did not already own (\$16,823,000).

On September 1, 2001, Regional and the above noted companies amalgamated and continued operations as Regional Cablesystems Inc.

The fair values of the assets acquired and the liabilities assumed were as follows:

<i>[In thousands of dollars]</i>	
Bank indebtedness	\$ (60)
Capital assets	2,255
Subscriber costs	37,944
Working capital other than cash	(899)
Future income taxes	(56)
Non-controlling interest eliminated	4,722
	43,906
Plus bank indebtedness assumed	60
Less shares issued	(23,027)
Net cash consideration	\$ 20,939

11. PER SHARE INFORMATION

	2002		2001	
	Basic	Diluted	Basic	Diluted
Net income for the year	\$ 0.39	\$ 0.39	\$ 0.50	\$ 0.50
Cash flows from operations				
for the year	\$ 1.72	\$ 1.72	\$ 1.79	\$ 1.78

Cash flows from operations for the year is defined as net income adjusted for non-cash items exclusive of changes in non-cash working capital.

Notes to Consolidated Financial Statements

11. PER SHARE INFORMATION *[Cont'd]*

Persona uses the treasury method of calculating diluted per share amounts. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the period.

	2002	2001
Weighted average common shares used in the calculation of basic per share information	16,505,053	16,070,523
Incremental common shares calculated in accordance with the treasury stock method	77,955	66,591
Weighted average common shares used in the calculation of diluted per share information	16,583,008	16,137,114

Options to purchase 619,800 common shares (2001 - 596,000) were outstanding during the year but were not included in the computation of diluted per share information because the options' exercise prices were greater than the average market price of the related common shares during the relevant periods.

12. COMMITMENTS AND CONTINGENCIES

Commitments

- (i) At August 31, 2002, the Company is committed under the terms of operating leases, primarily for office space, for annual minimum payments as follows:

	<i>[In thousands of dollars]</i>
2003	\$ 380
2004	262
2005	215
2006	166
2007	164
and thereafter	137
	\$ 1,324

- (ii) On August 19, 2002, PCI and Quinte Cablevision Limited ("Quinte") executed a binding letter of agreement with respect to the purchase by PCI of all the outstanding shares of Quinte at a purchase price of approximately \$2,530,000. Quinte provides cable television service to approximately 2,100 subscribers in Ontario.

- (iii) On June 20, 2002, PCI and C.F. Cable executed a binding letter of agreement with respect to the purchase by PCI of all the cable television assets of C.F. Cable at a purchase price of approximately \$285,000. C.F. Cable provides cable television service to approximately 330 subscribers at Canadian Forces Base Goose Bay in Newfoundland and Labrador.

Notes to Consolidated Financial Statements

12. COMMITMENTS AND CONTINGENCIES *[Cont'd]*

Contingencies

The Company is involved in matters involving litigation arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to litigation to be material to these financial statements.

13. SUBSEQUENT EVENTS

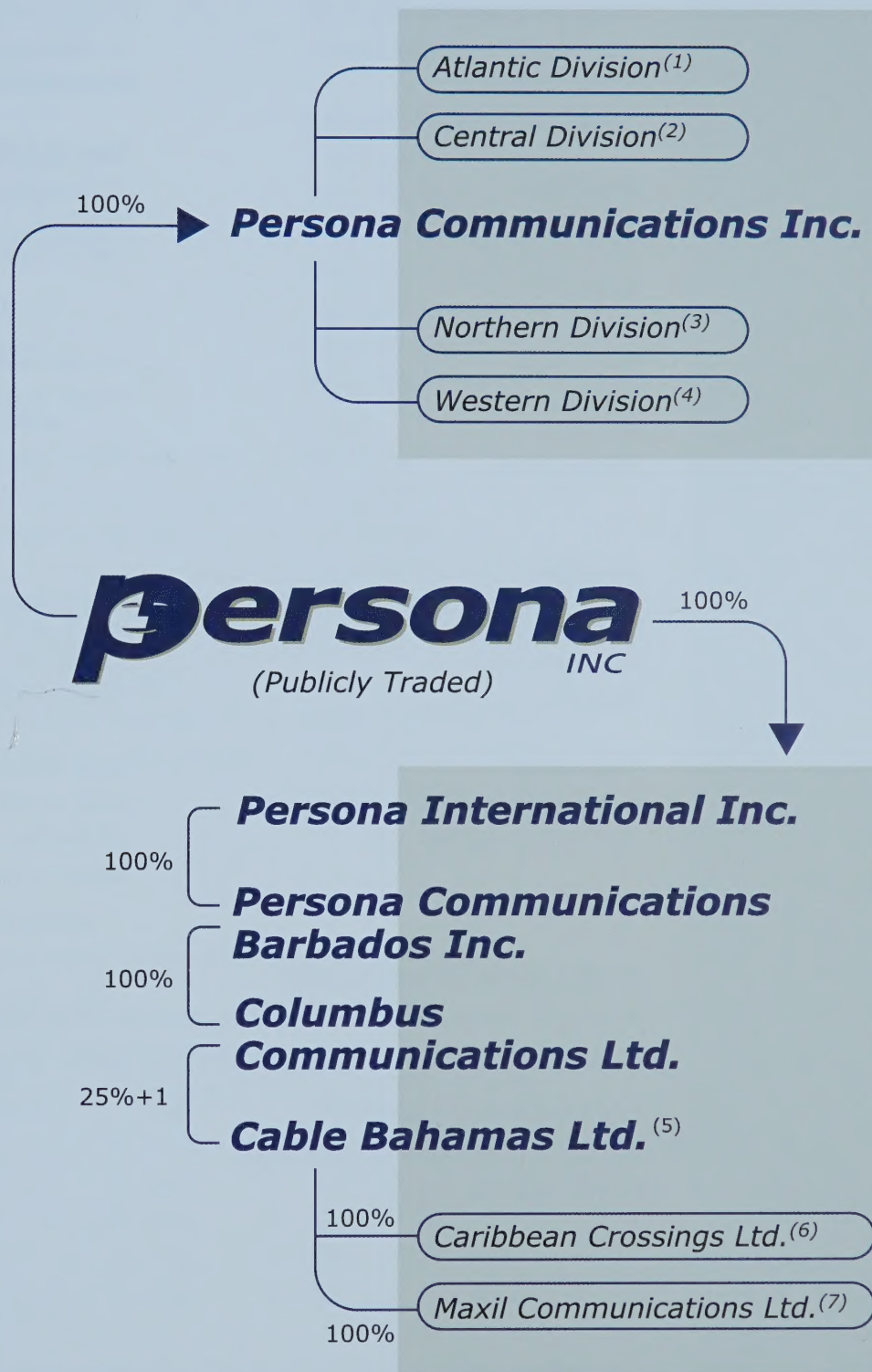
- (i) Effective September 1, 2002 Persona, through PII's wholly-owned subsidiary PCBI, purchased all of the outstanding common shares of Columbus Communications Ltd. ("Columbus") for a cash consideration of approximately \$16,000,000 (US \$10,000,000) and the issuance of 2,800,000 common shares of Persona for an aggregate purchase price of approximately \$32,268,000. Columbus is the controlling shareholder of Cable Bahamas Limited, a publicly traded communications company that operates the cable television systems serving The Commonwealth of The Bahamas.
- (ii) Effective September 1, 2002 PCI purchased all of the assets of Hometown Cablesystems Ltd. ("Hometown") and Constance Bay Cable Television Ltd. ("Constance Bay") for a cash consideration of \$1,278,000 and the issuance of 166,389 common shares of Persona for an aggregate purchase price of approximately \$2,278,000. Hometown and Constance Bay provide cable television service to approximately 1,700 subscribers in Ontario.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

Corporate Structure

The chart below sets forth the corporate structure of Persona Inc. and its material subsidiaries



1. Based in St. John's, NL. Operates the Company's cable systems in Newfoundland and Labrador.

2. Based in Montreal, Quebec. Operates the Company's cable systems in southeastern Ontario and Quebec.

3. Based in Sudbury, Ontario. Operates the Company's cable systems in northern Ontario.

4. Based in Edmonton, Alberta. Operates the Company's cable systems in Manitoba, Saskatchewan, Alberta and British Columbia.

5. Based in Nassau and Freeport in The Commonwealth of the Bahamas. Operates the Company's cable systems in the Bahamas.

6. Based in Nassau, Bahamas. Operates the Company's telecommunications business in the Caribbean region.

7. Based in Nassau, Bahamas. Provides E-Commerce, disaster recovery and web hosting services in the Caribbean region.

Corporate and Investor Information

BOARD OF DIRECTORS

Donald Ching^{1, 2}

President and CEO
Saskatchewan Telecommunications
Holding Corporation
Regina, Saskatchewan

Peter Grant^{1, 2}

Senior Partner
McCarthy Tetrault
Toronto, Ontario

Gary D. Kain

Chairman
Persona Inc.
Oakville, Ontario

Terry A. Lyons^{1, 2}

President and Managing Partner
B.C. Pacific Capital Corporation
Vancouver, British Columbia

Brendan J. Paddick

President and CEO
Persona Inc.
Freeport, Bahamas

¹ Member of Audit Committee

² Member of Compensation Committee

OFFICERS

Brendan J. Paddick

President and CEO
Persona Inc.

John R. Reid

Executive Vice President and COO
Persona Communications Inc.

Gary D. Kain

Chairman and CEO
Persona Communications Inc.

Jamie D. Roberts

Senior Vice President, Finance & Administration
and Secretary
Persona Communications Inc.

REGISTRAR AND TRANSFER AGENT

Requests for information concerning lost share certificates, address changes, or other shareholder account inquiries should be directed to our registrar and transfer agent:

CIBC MELLON TRUST COMPANY
P.O. Box 7010, Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
CANADA

Tel: 416-643-5500
Toll free: 1-800-387-0825
Fax: 416-643-5660
email: inquiries@cibcmellon.com
Website www.cibcmellon.com

PRIMARY BANKERS

The Toronto-Dominion Bank
Bank of Montreal

CORPORATE HEAD OFFICE

17 Duffy Place, St. John's
Newfoundland, Canada
A1B 4L1

Telephone: 709 754-3775
Facsimile: 709 754-3883

Corporate and Investor Information

Auditors

Ernst & Young LLP,
St. John's, Newfoundland

Legal Counsel

Benson • Myles,
St. John's, Newfoundland

McCarthy Tetrault,
Toronto, Ontario

Mailing Dates

Quarterly reports to shareholders are scheduled for mailing during the second week of January, April and July, 2003.

2002 Annual General Meeting

The annual general meeting of shareholders will take place at 11:00 a.m. (EST) on December 12, 2002 at the Royal York Hotel, Toronto, Ontario.

Internet Web Site

www.personainc.ca

Investor & Analyst Enquiries

Financial and related information about the Company including annual and quarterly reports, annual information forms and press releases, are available electronically on the Internet through SEDAR or at our web site. Alternatively, please contact:

Secretary
Persona Inc.
17 Duffy Place,
P.O. Box 12155, Station A
St. John's, Newfoundland
A1B 4L1

Telephone: 709 754-3775
Facsimile: 709 754-3883
e-mail: jroberts@personainc.ca

Trading Statistics

The Company's common shares trade on the Toronto Stock Exchange under the symbol "PSA".

Fiscal Year				
Ended August 31	High	Low	Close	Volume
2002	\$ 12.15	\$ 5.75	\$ 5.81	6,256,589
2001	\$ 14.20	\$ 8.01	\$ 8.60	7,287,758
2000	\$ 20.95	\$ 8.50	\$ 12.25	11,932,459
1999	\$ 17.85	\$ 9.50	\$ 14.20	4,787,846
1998 (1)	\$ 13.25	\$ 9.30	\$ 11.50	3,127,800

(1) The Company's common shares began trading on the Toronto Stock Exchange on February 23, 1998.

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